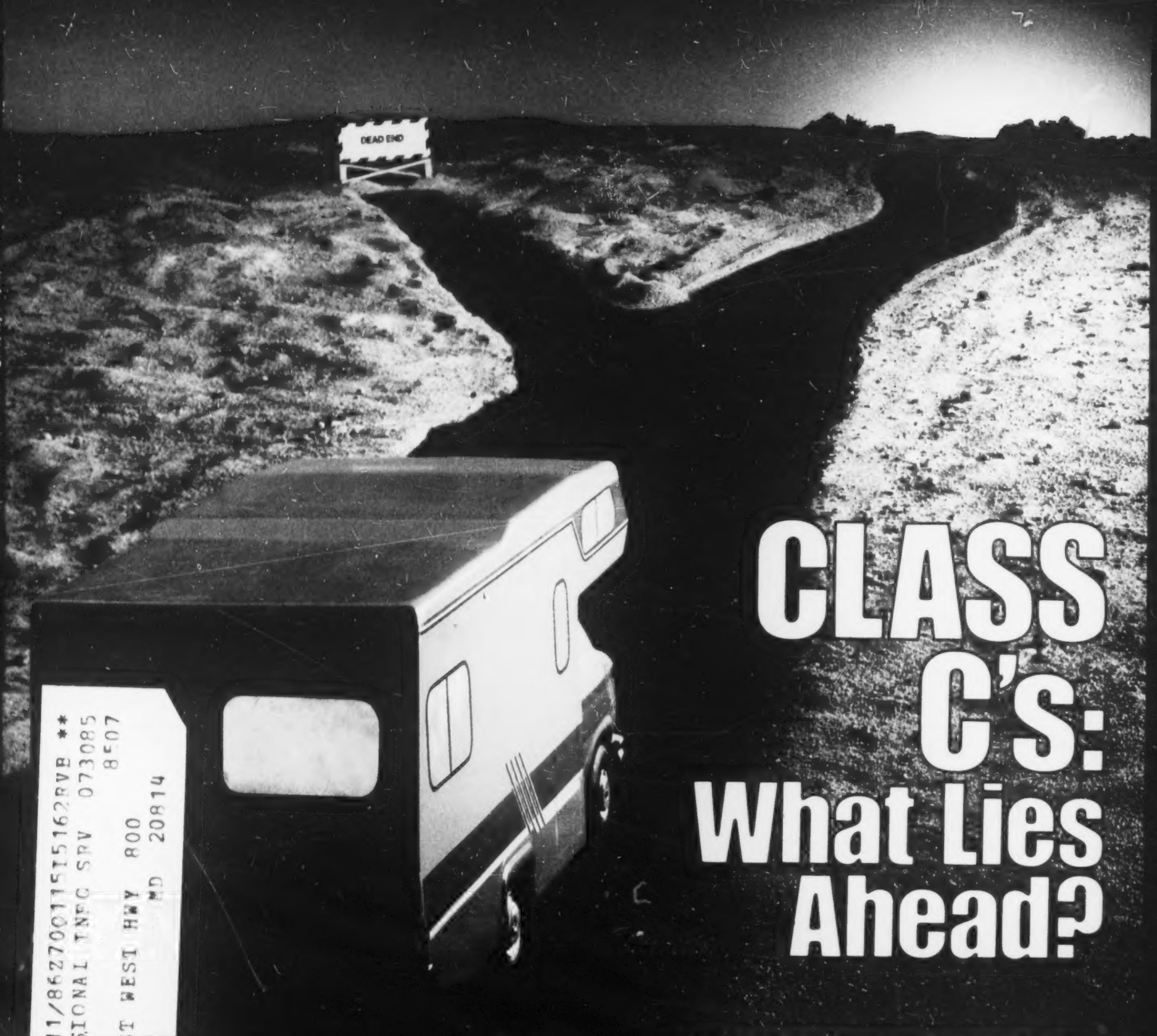
RV BUSINESS

C 8950-2
11/26/86

NOVEMBER 1986 $2.00



CLASS C's: What Lies Ahead?

040287 11/86Z700115I5162RVB **
CONGRESSIONAL INFO SRV 073085
4520 EAST WEST HWY 800 8507
BETHESDA MD 20814

ATLANTA IS COMING!

Plan Ahead With Our Show Preview Page 125

RV BUSINESS

CONTENTS

[illegible]

FEATURES

[illegible] **CLASS C'S: WHAT LIES AHEAD**
Robert Longsdorf Jr.

The conventional Class C mini-motorhome has fallen on hard times, with declining unit shipments and market share. Micro-mini and low-profile Class C's have further segmented the market. Industry opinion is divided over the future prospects for Class C's.

50 **HITCHING UP TO PROFITS**
Robert J. Emprimo

The correct marketing of trailer-towing equipment can help boost dealers' profits. This article offers a detailed "game plan" for starting up a viable hitch business.

64 **1987 DEALER OF THE YEAR**
Jim Norland

Jack Fast of Cascade Trailer Sales in Eugene, Oregon, has succeeded with a policy of extra-special attention to customers.

[illegible] **HARD TIMES IN TEXAS OIL COUNTRY**
John Paul Pitts

The heart of Texas oil country is facing an economic depression, yet many RV dealers there are doing better than would be expected, thanks to some surprise windfalls, tough cost-cutting and new business strategies.

[illegible] **CELEBRITY PROMOTIONS**
Colleen Fenrich

Famous faces can help draw traffic to dealers' lots and sell products. Effective celebrity promotions don't need to be expensive; it all depends on how dealers go about it.

87 **MIRRORS**
Don Magary

A survey of 1987 rearview mirror designs highlights how manufacturers are stressing styling as well as safety.

92 **MARKETING CONCEPTS**
Robert B. Galin

This month's feature focuses on Stevinson RV Center. Owner Gene McLain credits "sincerity" in sales approach and an experienced sales force for his success.

94 **AD OF THE MONTH**
Ben Sussman

Green Tree Acceptance shows how well it can play the financial—and advertising—game.

[illegible] **ATLANTA SHOW PREVIEW**

Attendees can use the floorplan provided and listings of manufacturers and suppliers to plan their show visit.

ON THE COVER: The traditional Class C mini-motorhome is at a crossroads. Its future, whether a dead-end or a new horizon, may depend on today's cost, design and marketing decisions. Model courtesy of Fleetwood Enterprises Incorporated. Photo: Paul Pribble.

DEPARTMENTS

5 **EDITORIAL**
John Thompson

[illegible] **LETTERS**

10 **MAXWELL**
Gaylord Maxwell

14 **OERTLE**
V. Lee Oertle

25 **GUESTVIEW**
Ed Andrysiak

30 **RV PEOPLE**

33 **PERSPECTIVE**

34 **ASSOCIATIONS**

35 **SHIPMENTS**

36 **AFTERMARKET**

97 **INDUSTRY NEWS**
Olga Markowitz

[illegible] **LEGAL CONCEPTS**
Fred S. Steingold

[illegible] **PROFITMAKERS**

140 **CALENDAR**

Perspective

An analysis of RVB's monthly survey
of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	AUG. 1986	AUG. 1985	% CHANGE	1986	1985	% CHANGE	AUG. 1986	AUG. 1985	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	113	120	− 6	834	959	−13	90	92	− 2	754	721	+ 5
TRAVEL TRAILERS	104	99	+ 5	779	755	+ 3	76	102	−25	691	658	+ 5
TRUCK CAMPERS	15	22	−32	129	143	−10	10	13	−23	83	99	−16
CAMPING TRAILERS	82	111	−26	925	1036	−11	30	60	−50	271	311	−13
FIFTH-WHEELS	26	24	+18	201	222	− 9	5	8	−38	60	74	−19

	FOR MONTH			YEAR-TO-DATE		
	AUG. 1986	AUG. 1985	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$8,425,458	$9,540,550	−12	$70,873,477	$73,122,853	−3
TOTAL UNIT SALES	551	633	−13	4,727	4,978	−5
NEW-UNIT SALES	340	358	− 4	2,868	3,115	−8
USED-UNIT SALES	211	275	−23	1,859	1,863	−less than 1%

The slightly downward trend in retail sales, which has been apparent for several months, continued through August. The dip is not general; that is, some dealers are up considerably over last year, while others have suffered significant drops. On the average, however, the Dealer Advisory Board (DAB) decline is slight in both dollars and units.

In terms of dollars, 11 DAB members were up for the month, and 9 were down. Year-to-date, those figures are reversed. Net profits were mixed, but more than a third of our reporting dealers marked the "poor" column.

New-unit sales figures for August last year and this year were very close, although three RV types were down this year compared to last year and only two types were up. Used units dipped much more drastically. Year-to-date, however, used sales for the two years are almost identical.

Inventories seem to be under control for this time of the year, when most dealers want to be lean in preparation for the new models. Although a few DAB members feel that their used supply is high, they are, in general, on the low side in that department. There also is a general feeling that lot traffic is either low or, at best, average.

The overall retail picture of the RV industry is confusing. Some dealers are going gangbusters; others are going broke, or at least having serious problems in coping with greatly reduced sales. More dealers, however, are about where they were at this time last year.

MOTORHOMES

"Mixed results" most accurately describes August's new-unit sales for DAB members who stock this RV type. Five were down, three were the same, and eight were up. Used sales faltered slightly for the month. For the year-to-date, the 13 percent drop for new units is the largest for any new category. Used sales are still on the plus side.

Motorhome dealers haven't been able to pull in extra-high grosses, but profits apparently aren't bad. More than half of the DAB reported good profits.

TRAVEL TRAILERS

This category again scored a plus in new unit sales for the month. It's a small number, but it does indicate that the trailer business is more than holding its own this year. Used sales were down considerably for the month, but they are still up for the year-to-date.

Profits softened somewhat. More than half the DAB members who sold new trailers reported that grosses were only fair and two said they were poor.

TRUCK CAMPERS

This seems to be an in-and-out business for some dealers. This year, more got out than got in because the number of our DAB reporters of sales of that RV type has declined. With small numbers, small changes reflect big percentages, so the 32 percent drop in new sales reflects a drop of only seven units.

Used-unit sales have dropped some. Profits on campers seem to be quite good.

CAMPING TRAILERS

It was another "down" month for camping trailer sales. New units fell 26 percent and used dropped 50 percent. Several of the larger dealers of this RV type had a very discouraging August. Only one significantly increased his sales, which he attributed to his "blow out" prices.

Half of the 12 camping trailer dealers on the DAB reported profits good.

FIFTH-WHEELS

As with truck campers, the unit numbers aren't large; so a difference of two units in new-unit sales makes an 18 percent increase for the month of August. Year-to-date, sales are lagging a bit from the previous year. Most of the larger fifth-wheel dealers on the DAB are down significantly from the previous year.

Profit ratings ranged from fair to excellent. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 21 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RVIA, AUGUST

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during August 1986 was 25,903 units, down 2.3% from August 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Allen Yoder Jr. of Jayco Incorporated, Middlebury, Indiana.

RV shipments were as follows in August 1986		August 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	3,800	3,800	0%	40,600	41,400	+ 1.9%
PARK MODELS	700	500	+40.0%	5,100	4,900	+ 4.1%
FIFTH-WHEELS	1,700	1,600	+ 6.3%	15,600	14,300	+ 9.1%
TRUCK CAMPERS	600	600	0%	5,300	5,200	+ 1.9%
MULTI-USE VEHICLES (Van Conversions)	13,500	12,000	+12.5%	131,300	115,600	+13.6%
TYPE A: MOTOR-HOMES	2,700	2,900	− 6.9%	22,200	24,200	− 8.3%
TYPE B: VAN CAMPERS	300	400	−25.0%	4,100	5,200	−21.2%
TYPE C: MINI MOTOR-HOMES	1,600	1,500	+ 6.7%	13,600	14,700	− 7.5%
FOLDING CAMPING TRAILERS	3,000	3,200	− 6.3%	25,000	26,300	− 4.9%
TOTALS	25,903	26,500	− 2.3%	262,800	251,800	+ 4.4%

WDA SECOND QUARTER 1986

The second report from the Warehouse Distributors Association's (WDA) new quarterly survey of members has just been released. With comparative data for the first two quarters of 1986, the report offers new information on RV activity at the wholesale level.

The WDA survey is a joint effort with the Indiana Business Research Center of the Indiana University School of Business. In addition to industrywide data, as reported here, each firm responding to the quarterly WDA survey receives a confidential report showing just how that firm ranks among all respondents in a variety of indicators.

The first report was based on responses from 30 WDA members, but 5 additional firms came forward with data to bring the second-quarter total to 35 participating companies. The increase in participation seems to indicate that this new program is providing useful information to the WDA membership.

The WDA report for the industry provides the following data: sales volume (amounts and percent changes), inventories (amounts and sales-to-inventory ratios), average days for receivables, and percent of receivables 60 days or more.

These critical data are categorized for all responding firms by size of firm. Based on average monthly sales, the companies are divided into three groups:

small (less than $100,000 monthly sales),
medium ($100,000 to $500,000 monthly sales), and
large (more than $500,000 monthly sales).

Some of the more interesting findings are shown in the accompanying graphs:

Figure 1 shows that average days of receivables tend to be lower for the larger firms than in the second quarter, while the smaller- and medium-size firms tended to have higher numbers of days of outstanding receivables than in the first quarter.

Figure 2 indicates that larger firms sales-to-inventory ratios are a little more lean than those of the smaller firms, but firms of all sizes improved their sales-to-inventory ratios between the first and second quarters. This was done largely by reducing inventories as sales grew rapidly.

All of these findings seem to make sense. Nonetheless, it will take time to analyze the data, find whatever errors may exist in the computer routines used, and verify questionable results with the participating firms. Until all these steps can be taken, only tentative conclusions can be drawn about the aftermarket.

Figure 1

Average days of receivables of WDA firms first and second quarters 1986 (median values)

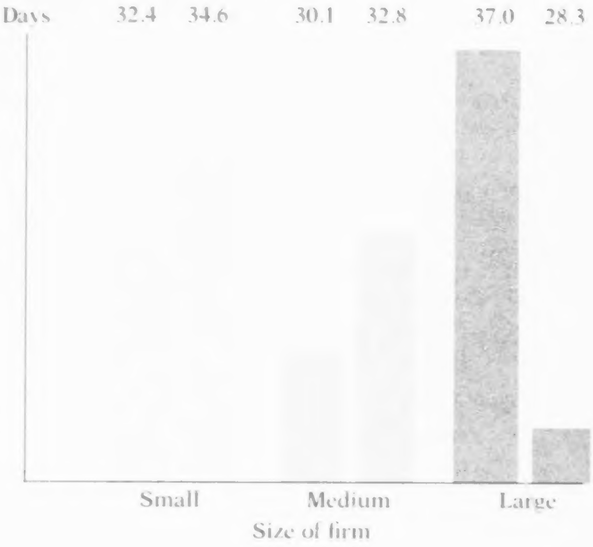
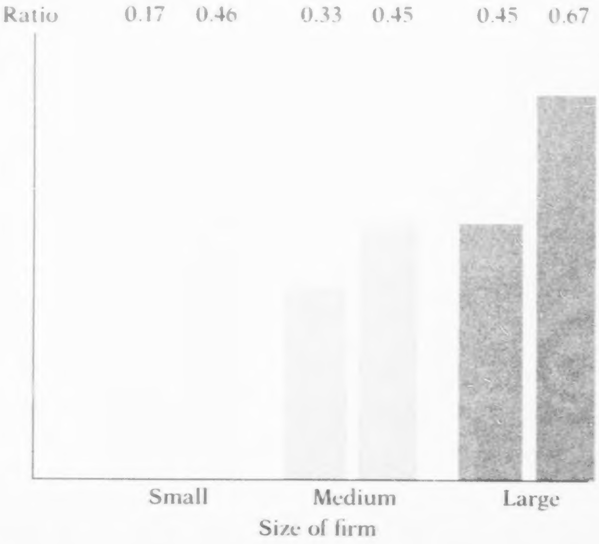


Figure 2

Sales-to-inventory ratios of WDA firms first and second quarters 1986 (median values)



Class C's: WHAT LIES AHEAD?

ROBERT LONGSDORF JR.

For the last few years, the Class C motorhome has been a little like an aging member of the peerage, living in reduced circumstances but still very much a part of a proud heritage. Looking at the future, industry opinion is divided over whether Class C traditions will die out or be passed on to a new generation with different, more viable characteristics.

Certainly, mini-motorhomes appear to have fallen on hard times. Shipment figures have dropped from a high of about 60,000 units annually 10 years ago to less than 20,000 units a year today. At the same time, the Class C's total share of the motorhome market has fallen to about 40 percent from a high of nearly 80 percent about eight years ago.

During this slide, the Class C has also undergone an interesting metamorphosis. "The Class C has become a very complicated RV," says Fred Emmert, former director of marketing for Winnebago Industries Incorporated. "In 1979, when about 78 percent of the motorhome industry was Class C's, the market was primarily the conventional Class C built on the chopped Dodge or Chevrolet van chassis. Now we are down to about 40 percent of the market, but within the Class C category we now have other segments—the low profile and the micro-mini. So now we are looking at a much more complex Class C market, which I think is going to experience some major changes and major growth for some of the segments."

Looking at the various segments of the current Class C market, minis still appear to be gradually losing market share. According to Mac Bryan, vice president of marketing for the Recreation Vehicle Industry Association (RVIA), chopped van Class C shipments totaled 12,000 units for the first seven months of 1986, compared to 13,200 for the same period in 1985. Micro-minis posted 3000 shipments through July of 1986, up from 2800 in 1985. And low-profile units such as the Le Sharo, Phasar and Transvan tallied 2200 units in the first seven months of the year, off from 2900 units for the same period last year.

As a result of those totals, a number of RV industry observers have concluded that the minis are on their way to becoming the dinosaurs of the RV industry. Others see them as very viable units occupying an important niche in the RV marketplace.

For example, Wayne Mertes, president of National RV Incorporated of Perris, California, believes the chopped van Class C will definitely continue to decline in numbers. Noting the steady drop in mini shipments from his plant in recent years, Mertes says, "Although the mini market can be a bit mysterious at times, I would have to say at this point that it certainly seems much softer than A's or micros. I think that conventional C's will continue to decline and will ultimately become somewhat like the slide-in camper. The market will continue to be there, but it will be significantly reduced. I think it is fairly certain that it will no longer be a growth market."

A sharply contrasting view is offered by Sid Johnson, director of marketing for Coachmen Industries Incorporated, who says that his company has enjoyed respectable mini sales this year. "I am not at all pessimistic about the future of the chopped van C," he says. "It may never enjoy the kinds of numbers it has in the past, but I don't think we need to be concerned that it is a dying breed. A lot of people have been saying that for a number of years now, and the mini hasn't died yet. I think that it offers a nice alternative for a lot of RV buyers. It is almost an entry-level vehicle for some. And, over the long haul, I think it has the potential of being a good entry-level product."

Most industry observers agree that minis are at a crossroads, and the road to market success, even survival, may depend on a number of factors that could eventually affect Class C design, cost and marketing.

The continually escalating cost of chopped van Class C's has been, perhaps, the single biggest inhibitor to sales in recent years. Most RV manufacturers are quick to blame Ford Motor Company and General Motors Corporation (GM)—RV chassis suppliers—when it comes to explaining current sticker prices. But Emmert disputes that contention: "We compared the price increases of chopped van chassis against the general inflation rate here at Winnebago a couple of years ago, and found that the things we did as a body-builder increased the cost of the units much more than the chassis prices did."

Nevertheless, there is no denying the impact of chassis prices on the final price of conventional Class C's. "Right now, a cutaway Class C chassis represents ap-

PHOTO: PAUL PRIBBLE

proximately 50 percent of the cost of the completed unit," Johnson notes. "By comparison, a Class A chassis is anywhere from 10-35 percent of the final cost, depending on the type of unit you are building. Clearly, the chassis cost for a mini is disproportionate."

Because price increases on mini-motorhomes have led the upward trend in RV prices, minis are now caught in a price squeeze. Many manufacturers say they find it almost impossible to produce a well-appointed conventional Class C that can effectively compete against lower-priced Class A's. On the other side, minis face increasing competition from micro-minis. In the last two years, Toyota Motor Sales U.S.A., the primary micro chassis supplier, has made some significant upgrades in its chassis' gross vehicle weight rating (gvwr), so that micro manufacturers have been able to build larger units with more amenities, while keeping the price of those units very competitive.

Not only does the full mini suffer in price comparisons with Class A's and micro-minis, it generally comes off second best in a chassis design comparison.

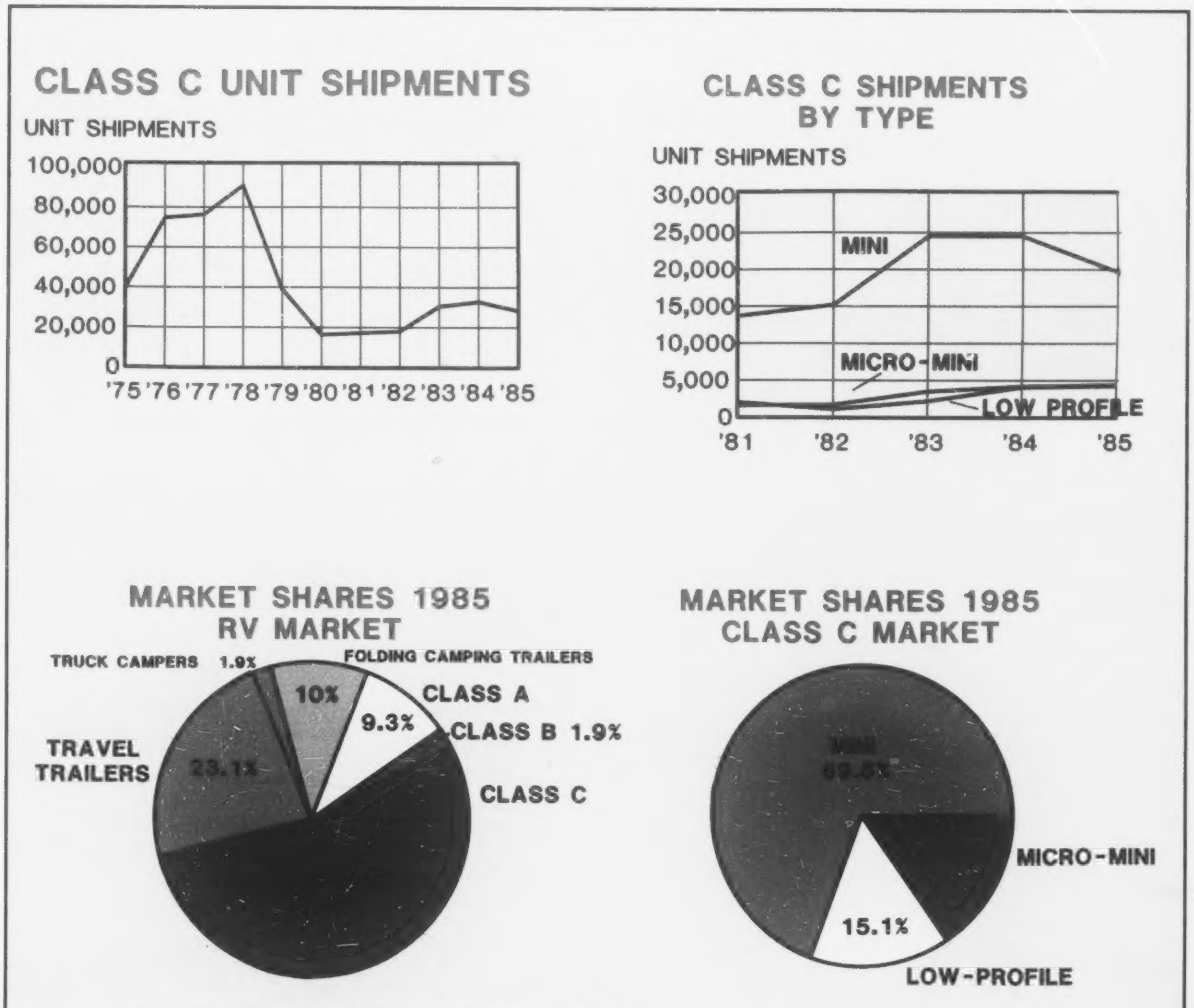
While it's true that micro chassis are now the object of close scrutiny by the National Highway Traffic Safety Administration (NHTSA), which is probing complaints of gross overloading problems, the micro's import chassis has gained a reputation for being both rugged and fuel-efficient. The same can't be said for the conventional Class C chassis, however.

"The price of the domestic chopped-van chassis is a problem," Mertes observes, "but we have equal problems when it comes to performance. We have heard that some improvements are going to be made next year, which will certainly help. I think that, if we had better chassis from the standpoint of performance, we might also have a bigger conventional Class C market right now."

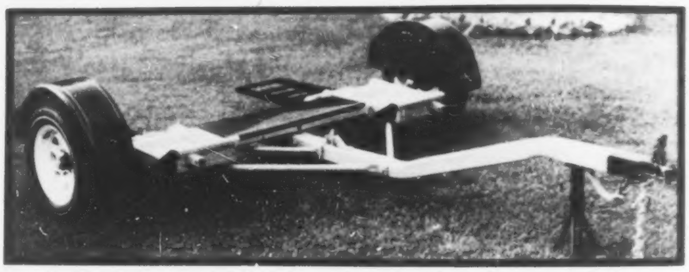
The cutaway Class C chassis coming out of Detroit has changed little from what was produced a decade ago. Although the chassis offers some gvwr advantages for motorhome owners who tow boats or second cars, both Ford and GM have steadfastly refused, until recently, to offer more efficient power plants in the cutaway chassis. Similarly, many motorhome manufacturers and dealers continue to bemoan the level of service offered by the automakers' dealer network. Those drawbacks, combined with escalating prices, have converted a lot of mini-motorhome buyers into micro-mini or Class A owners.

With so many strikes against it, it might appear that the conventional Class C's are heading toward a dead end; however, there are some very positive signs that minis may be turning in a new direction.

Other RV manufacturers join Coachmen in detecting a stronger demand for conventional Class C's during the past season. Though wholesale shipments to dealers are down, Ford and Chevrolet reported stronger chassis sales during the past summer than in the summer of 1985. "There is indeed an indication that



STATISTICS COURTESY OF RECREATION VEHICLE INDUSTRY ASSOCIATION



AUTO DOLLY

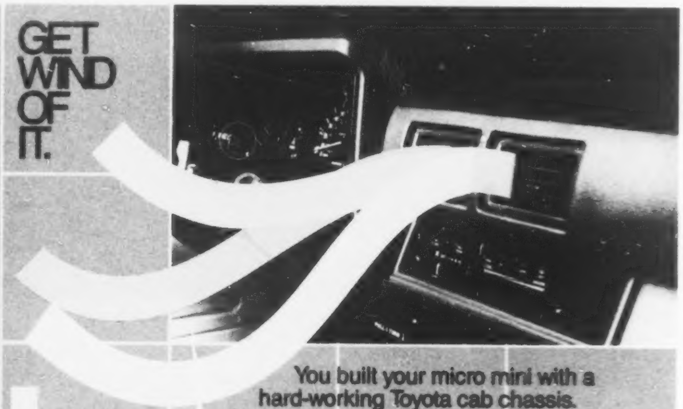
PRICE: $799.00 F.O.B. MO
(Call for dealer discount)

Standard Features Include:

- Automatic Swivel Steering
- New 13" Tires
- White Spoke Wheels
- Quality Wheel Harness
- Pin Striped
- 3500 lb. Dexter Axle
- Tool Box
- Tilt Bed
- Stationary Ramps
- Safety Chains

Ken Den Trailer Mfg.
Rt. 2, Box 113
New Bloomfield, MO 65063
314-491-3650

Ken Den. Circle 50 on Reader Service Card



TOYOTA FACTORY AIR.

GET WIND OF IT.

You built your micro mini with a hard-working Toyota cab chassis.
Now cool it—with a reliable Toyota in-dash air conditioner.
And give your customers the advantage of service that's as close as the nearest Toyota dealership.
They will appreciate the convenience. And you and your dealers will have one less worry.
Toyota air. Nationwide system of parts and service centers. 12-month unlimited mileage warranty. And customer satisfaction. For the full story call:

PROAIR INC.

P.O. Box 4125, 57755 Holiday Drive
Elkhart, IN 46514, 219-522-9964

Manufacturers and Distributors of Automotive Air Conditioning, Speed Controls and Accessories.

CLASS C's *continued*

demand is heading up," says Dave Tarrant, RV-OEM sales manager for Ford Motor Company. "For example, in June of last year, we wholesaled about 850 cutaways out of the pool. This June, we did more than 1350."

Despite those encouraging numbers, most industry experts now think that, if the Class C is to become a major force in the industry again, there will have to be modifications in traditional Class C design. In fact, the mini-motorhome of the future may be a radically different vehicle with a profile more akin to a Class A, while still occupying a niche in the middle of the market.

The research and development departments of some of the major RV manufacturers already are at work on their own chassis designs. "Because of the chassis we have now, it's just too difficult to build a value-packed unit and offer it at a reasonable price," Sid Johnson observes. "So, in order to have a viable product in the Class C market in the future, I think we are going to have to do a lot of R&D work on it. While I think the development of the Class C during the next few years is going to be an evolutionary process, rather than a revolutionary one, I do believe that, a few years from now, we are going to look back on the Class C and be amazed at how much it has changed."

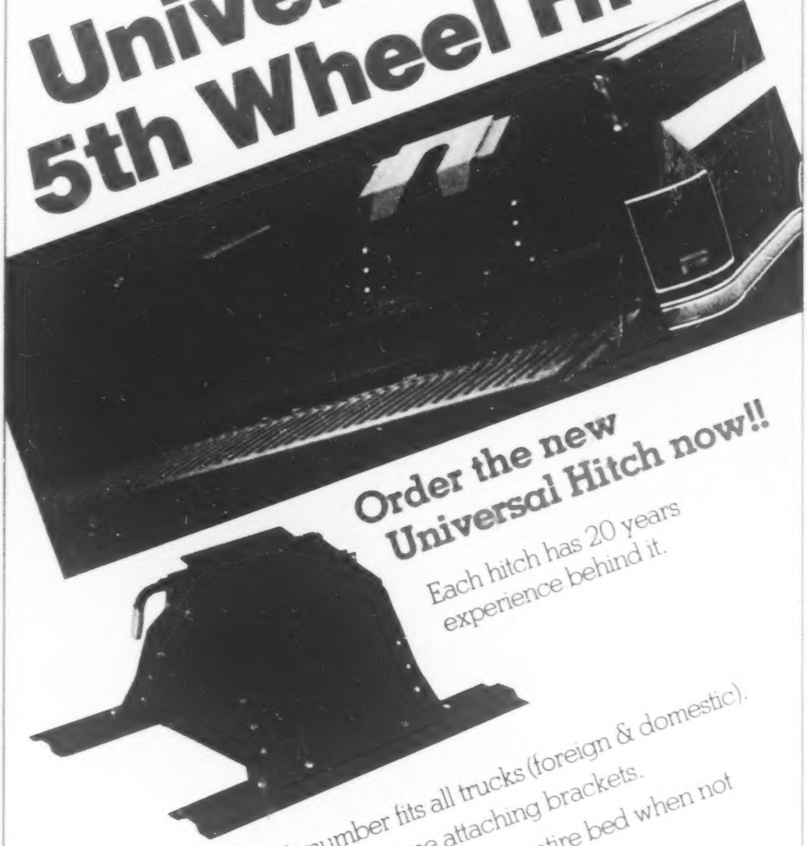
When major design changes are mentioned for Class C's, images of units like the Winnebago Le Sharo and Phasar spring to mind. Many industry observers have predicted that those low-profile units or other recent low-profile entries, such as the Vixen, are really the design trend of the future for Class C's. The slide in low-profile sales this year has shaken some of those forecasts, but manufacturers such as Winnebago remain convinced of the low-profile unit's future prospects.

"We definitely believe the Le Sharo and Phasar are going to continue to be units that occupy a solid niche in the marketplace," observes Bryan Hays, vice president of sales and marketing for Winnebago. "We have been a little concerned about the flat sales for this year but have addressed that now with a significant facelift that has given both units a very stylish exterior for 1987. Our dealers who have seen the unit believe that it is not only going to increase sales in general, it will also help pull in a younger buyer who will be attracted to its more youthful look. We are very excited about the product now and think it has an excellent future."

Others in the industry express reservations about whether low-profile vehicles represent the future trend in Class C's. "We still have to address the price issue with Class C's," notes Mertes of National RV. "I'm not sure some of the newer entries in the low-profile market,

ProAir. Circle 92 on Reader Service Card

Universal
5th Wheel Hitch



Order the new
Universal Hitch now!!
Each hitch has 20 years
experience behind it.

Universal Fit one stock number fits all trucks (foreign & domestic).
Easily installed with included frame attaching brackets.
Removable to allow the consumer to use his entire bed when not towing.
UPS-able for fast deliveries.
Lightweight easy for the consumer to handle inside and out of his truck bed.
Easy to understand so the consumer knows how to use it properly.
Dependable built by the inventor of the fifth wheel hitch.

Distributors CALL 1-800-826-1960 with your order now, before your competition does.

Dealers!! Call your local distributor for the new hitch. If he doesn't carry the new hitch, it's time to change distributors.

OWENS Classic

P.O. Box 628, Sturgis, MI 49091
Telex: #704491
In Michigan: (616) 651-9319

Distributors throughout U.S. and Canada

CLASS C's *continued*

like the Vixen, are going to be what ultimately replaces the conventional Class C, because they are very expensive."

There are encouraging signs that the appearance of other chassis options and the major RV manufacturers' experimentation with their own chassis alternatives to Detroit's conventional cutaway may pressure domestic chassismakers into being more responsive to RV manufacturers' needs. Earlier this year, Chevrolet announced that it would offer its 454-cid V-8 in a cutaway chassis for 1987. Although that announcement was later modified to a "maybe," unconfirmed rumor has it that the larger engine will be available sometime next year. In the meantime, Ford has taken a leadership position in Class C chassis production. The company will offer the 460-cid V-8 next year and has hinted that it will be making other changes that will be welcomed by RV manufacturers.

> *"We are going to look back on the Class C and be amazed at how much it's changed."*

"We are not stopping with the bigger engine," Dave Tarrant of Ford asserts. "We have some more developments slated for that chassis, and there is some exciting news in the offing. Body-builders can rest assured that we are committed to the cutaway chassis."

That is especially good news for some of the smaller Class C manufacturers without big R&D budgets. "We don't have the research and development resources that would allow us to get into a major redesign of the Class C," explains Al Slabaugh, general manager of Elkhart-based Carriage Incorporated, a new entry in Class C manufacture. "For someone like us to develop our own chassis or make major modifications to the Detroit chassis is just not possible. We have to work with what we have and look for other ways to make the traditional Class C design more exciting. We think that is possible, and that is why we made the decision just this year to get into the Class C market."

Finally, beyond cost and design changes, some manufacturers think that Class C marketing must be redirected. For example, Carriage believes the real demand for Class C's today is in the high-

Owens Classic, Circle 62 on Reader Service Card

CLASS C's *continued*

line mini-motorhome market. "If you look at the mini in the last few years," Slabaugh explains, "you see that everyone has attempted to emphasize price. A low-priced mini was supposed to be what would sell, because everyone thought the first-time buyer saw the mini as an entry-level vehicle. We don't think that is the case. We aren't convinced the first-time buyer is looking at price; our experience has shown that he wants, first, a unit that fits into his lifestyle and then he considers whether it will fit into his monthly budget."

Ignoring the first-timer completely, Carriage says it is introducing a line of luxury-class minis aimed squarely at the seasoned RVer who is either a die-hard mini owner or a class buyer looking to move down from a 35-footer to something that he perceives is more manageable. "Our theory is that there are some older RVers who are looking for something more manageable," Slabaugh says, "but they don't want to sacrifice when it comes to amenities and storage space. They want to be able to move everything from their Class A into a little smaller mini but not feel as if they are making a big sacrifice in doing it." The Carriage Class C, dubbed the "Callista," is scheduled to be unveiled at the Dodger Stadium RV Show in November and will be available in lengths ranging from 24 feet to 28 feet. It will carry sticker prices right up there with the Class A's, according to Slabaugh.

> *"Our experience illustrates that people who want a mini-motorhome today want a big rig."*

Ford's Tarrant, for one, believes that Carriage's market targeting is appropriate. "Our experience clearly illustrates that people who want a mini-motorhome today want a big rig," he says. "This season we have managed to sell some of the shorter-wheelbase chassis, but, by and large, we have found that the Class C has carved out a solid niche in the 25- to 27-foot lengths. We think the conventional Class C has evolved into a vehicle with Class A features, that it offers advantages such as low step height and a more conventional automobile feeling to the cab. There is definitely a segment of RV buy-

INCREASE TRAFFIC AND SALES WITH THE INDUSTRY'S BEST-SELLING VAN CAMPER AT A SUPER LOW PRICE.

$17,995 is the exceptionally low suggested retail selling price of the all new Horizon van camper from Intervec, the motorhome your customers can enjoy 365 days a year.

Write or phone today to learn how easy it is to find a new Horizon in profits.

RVB11

Dealership Name ______

Address ______

City/State ______

Zip ______

Mail to: International Vehicles Corporation
P.O. Box 424 / Bristol, IN 46507

InterVec

International Vehicles Corporation
P.O. Box 424 / 200 Legion St. Bristol, IN 46507
(219) 848-7686

*Excluding freight, prep, licensing & sales tax
© 1986, International Vehicles Corporation

International Vehicles, Circle 46 on Reader Service Card

Trailer Tongue Jack Stand

8¾" Dia.
7½" High

only $19.95

Add $2.00 Shipping and Handling

5-YEAR GUARANTEE

- Unbreakable Polycarbonate
- Guaranteed to hold **10,000 lbs.**
- Weighs Only 2 lbs.
- Eliminates Heavy Wood Blocks
- Trailer Tongue Jack Stands are made of the same material that safety helmets are made of.
- For the traveler who takes Pride!

KAYE PRODUCTS TORRANCE, CA

4455 TORRANCE BLVD.
SUITE 119
TORRANCE, CA 90503

Kaye, Circle 49 on Reader Service Card

3-T's

makes products to make RV's...

Ride Better...
Run Cooler. . .
More Comfortable...
Park Easier...
&Last Longer!

[illegible] are used as standard equipment by many of the [illegible] coach builders to enhance the ride, control, comfort and safety of their vehicles. By offering 3-T's RV Products as an option, our dealers have found that they benefit from not only the extra profits, but by building satisfied customers and repeat business. All 3-T's Products are guaranteed to your satisfaction, both parts and labor when installed by a 3-T's dealer and for 12 months against defective parts. Send for our free full color brochure describing all of 3-T's products and get the facts on how 3-T's can help you enjoy extra profits, satisfied customers, and repeat business. Call or write...

3-T's **RV PRODUCTS, INC.**
15759 STRATHERN STREET • VAN NUYS, CA 91406
CALL TOLL FREE—Outside California 1-800-223-1779 •
From California call 1-800-223-2503

3-Ts RV Products, Circle 78 on Reader Service Card

Magic Chef®

RV PARTS . . . RANGE, MICROWAVE, REFRIGERATOR

All Orders Shipped Freight Prepaid
CALL TOLL FREE
1-800-348-7664 1-800-552-7511 (INDIANA)
VISA or MASTER CARD ACCEPTED

Magic Chef, Circle 55 on Reader Service Card

ers out there who want that."

Yet hopes that new markets and better chassis design will spark an increase in Class C sales may be frustrated in the case of many smaller RV manufacturers because of the limited number of chassis coming from Detroit. Expressing the feelings of those who have been left out in the cold, National RV's Mertes complains: "The chassis supply is really what has been limiting the market for us. We have been trying for four years to get Ford chassis, and we have not been able to get into the pool."

"The chassis supply is really what has been limiting the market for us."

The undersupply of chassis isn't likely to change in the future. Although some Class C builders were offered temporary encouragement last summer when Chrysler Corporation announced its intentions to jump back into the RV industry with a cutaway chassis, those hopes have been dimmed with word that Chrysler has changed its mind. Unless some RV builders develop their own chassis soon, that leaves Chevrolet and Ford furnishing what the market needs, and there are no indications that either company plans to increase production.

As Tarrant notes: "We might be able to sell more chassis if we had more production capabilities, but it would be very expensive to increase production, and we're not sure what the return would be. If we had unlimited production with cutaways, how many would we sell? We don't know. Right now we're happy with things the way they are."

While those manufacturers who would like to see more conventional Class C chassis available don't share Tarrant's contentment with the status quo, there are strong indications throughout the industry that enthusiasm is returning for Class C's. "The preference in recent years has been for Class A's, because the market has been made up primarily of previous owners," says Fred Emmert. "However, if the first-timers start coming back, as everyone thinks they will, then the C market is bound to get stronger. When that happens, if we have good innovative products to offer them—be it micros, minis or low-profile units—we are going to see a strong resurgence of the entire Class C segment." Δ

RV BUSINESS

-C8450-2

DECEMBER 1986 $2.00

Complete Atlanta Show Guide

C4C287 12/8627CGI15I5I62FVE **
CONGRESSIONAL INFO SRV C73C85
85C7
4520 EAST WEST HWY #8CC
BETHESDA MD 20814

Tow-Vehicle Trends

Formaldehyde: A Regulatory Update

RV BUSINESS

CONTENTS

[illegible]

FEATURES

35 **ATLANTA SHOW GUIDE**

This complete guide to the 24th Annual National RV Trade Show in Atlanta provides attendees with floorplans, manufacturer and supplier listings, an events calendar, and a brief tour of Atlanta's dining, shopping and sightseeing possibilities.

48 **TOW-VEHICLE TRENDS**

The growing popularity of light trucks and trailer-towing is reflected in automakers' buyer surveys and sales figures—and Detroit is responding. Manufacturers are improving tow-vehicle performance and tow ratings and, at the same time, designating new marketing strategies to cater to the RV market.

52 **SALARY SURVEY UPDATE**
Walter B. Wentz

A 1986 survey of RV manufacturers, suppliers and dealers highlights this year's trends in compensation.

67 **FORMALDEHYDE: A REGULATORY REVIEW**
Katherine Sharma and Colleen Fenrich

At least three major federal agencies are working on formaldehyde-related regulation. New workplace-exposure standards, new voluntary standards for pressed wood and new regulatory proposals from the Environmental Protection Agency are all expected in 1987. Will the RV industry be affected?

76 **THE PRODUCT LIABILITY BATTLE**
Robert Longsdorf Jr.

Supporters of a federal product liability reform bill express renewed optimism and prepare to continue the fight in 1987. Meanwhile, criticism is beginning to focus on the insurance industry as a major new study and recent congressional hearings probe the insurance aspect of the liability crisis.

88 **MONACO: AN INDUSTRY PROFILE**
John Thompson

Monaco President Kay Toolson discusses the company's past problems and new directions in a candid interview.

92 **MARKETING CONCEPTS**
Dan Anderson

Bob Beaudry has used a special skill for promotion in building the success of Beaudry RV Center in Tucson, Arizona.

96 **LEGAL CONCEPTS**
Fred S. Steingold

Incorporation has many legal benefits, but the "corporate veil" can be pierced, and proper legal followup is needed to protect it from challenges.

101 **AD OF THE MONTH**
Ben Sussman

Boulder Lakes RV Resort uses cartoon fun in presenting a family resort experience in a small ad setting.

DEPARTMENTS

5 **EDITORIAL**
John Thompson

6 **LETTERS**

8 **MAXWELL**
Gaylord Maxwell

12 **OERTLE**
V. Lee Oertle

16 **GUESTVIEW**
Robert Longsdorf Jr.

27 **PERSPECTIVE**
Gaylord Maxwell

28 **ASSOCIATIONS**

29 **SHIPMENTS**

30 **RV PEOPLE**

105 **INDUSTRY NEWS**
Olga Markowitz

118 **PROFITMAKERS**

128 **CALENDAR**

ON THE COVER: RVIA's 24th Annual National RV Trade Show will enjoy both old-time Southern hospitality and big-city conveniences and excitement this year as the show shifts from its traditional Louisville, Kentucky, location to Atlanta, Georgia. Photo: Ken Biggs/After Image.

TL ENTERPRISES INC.
President
Richard Rouse
Executive VP/Publisher
Denis Rouse
VP/General Manager
Theodore R. Binder
VP/Publishers
Bill Estes, Michael Schneider, John Thompson
VP/Advertising Director
Chuck Kastler
VP/Marketing
Daniel Hunt
VP/TL Campground Directory/Good Samparks
Dale Thoreson
VP/Good Sam Executive Director
Susan Bray
VP/Good Sam Marketing Director
Bill McNiff
VP/Circulation Fulfillment
Dagmar Smith
VP/Circulation Director
Trish Hamm
Manufacturing Director
BNL & Associates
Customer Service
Diane Carroll
Field Circulation Director
Harry and Rita Appell
Editorial/Business Office
29901 Agoura Road
Agoura, California 91301
(818) 991-4980

ADVERTISING
Business Manager
Sherre Thoreson
Advertising Sales
K. Dale Mattox
PO Box 5500, Agoura, CA 91301
(818) 991-4980
Advertising Sales
Ralph Kelsey, 6 Cambria, Laguna Hills, CA 92656
(714) 643-1789

BRANCH OFFICES
Vice President Midwest/East Operations
Tom Bittle
Midwest Business Manager
Debra Weber
Midwest Advertising Sales
Mike Brazeau, Merijo McDuffee, Leslye A. Allen, Janet VanBibber
2300 Middlebury, Elkhart, IN 46516
(219) 295-7820
Regional Advertising Manager
Jim Mac, 27300 Franklin Rd., Suite 522, Southfield, MI 48035
(313) 350-1560

Letters

'PERSPECTIVE' QUESTIONS

I have read the September 1986 issue of your magazine, and I have some questions pertaining to "Perspective."

I note that the sales numbers are from a group of 21 dealers. Do all 21 respond to your survey? What percentage of the total market do you estimate that they represent?

Is it possible to illustrate a meaningful average sales price for each category, e.g., motorhomes, travel trailers, etc.?

I am new in the RV industry, and I am anxious to learn as quickly as possible. I have a copy of your *30th Annual RV Directory*. Would you recommend other publications that might assist me in gaining a better understanding of this industry?

John R. Loveland
President
Utila Sport Trailers
Springfield, Missouri

First of all, John, you should know that all members of the Dealer Advisory Board (DAB) respond to the monthly survey form every month. Most members have served on the board for many years; more than half have served for 10 years or more. DAB members were chosen because of their location, size and type of inventory. Their dealerships range in size from quite small to very large, and their inventories vary a great deal in terms of RV types. Although they represent less than 1 percent of all RV dealerships, we believe that they reflect the general retail picture. Since the statistical value of the average sales price for units in such broad categories would be questionable, we make no attempt to obtain those figures.

As for publications produced by TL Enterprises that might help you gain an understanding of the RV industry, I recommend MotorHome and Trailer Life. Both are consumer publications and will help you understand what RVing is all about. If you learn what the consumer is looking for, you will have achieved a milestone in your education about the RV retail business. Finally, John, we'd also suggest that you go to as many RV shows as possible, particularly the large trade shows (note the "Calendar" section in RVB).

MARKETING

I enjoyed Gaylord Maxwell's column, "Fright At First Sight," in the September issue.

I travel a lot and have visited many RV dealerships along the way. I am amazed at what a poor job some dealers are doing to market their products.

As I was in the Seattle airport getting ready to depart for home, I had about two hours to kill. Because of the way the airport shops had displayed their merchandise, I spent more than $100 on candy, a walrus tusk carving and so forth. This was $100 more than I had intended to spend before I started browsing.

I am agreeing with the opinion that dealers and manufacturers are not doing enough to sell the RV lifestyle.

We must do a better job of selling the glamour and excitement of the RV lifestyle, or else we will go the way of the dodo bird.

Rex Floyd
Floyd's Campers Incorporated
Norman, Oklahoma

CORRECTION

The average gross profit percentages reported for the Warehouse Distributors Association (WDA) on page 29 in the September issue were based on the mean values of the association members. The correct reporting of the figures should have been median values, which would have put small, medium and large companies' gross profit margins at 27.9 percent, 23.9 percent and 22.3 percent, respectively.—*Editor*

RV Business invites its readers to respond to the columns and feature articles presented in this and other issues. Address correspondence to RV Business, 29901 Agoura Road, Agoura, California 91301. All letters are considered for publication.

RV BUSINESS (ISSN 0744-9569, USPS 920-340) is copyrighted 1986 by TL Enterprises Incorporated in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, California 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, California 91301.

RV BUSINESS is published by TL Enterprises Incorporated with editorial and business offices at 29901 Agoura Road, Agoura, California 91301, (818) 991-4980; and at 2300 Middlebury Street, Elkhart, Indiana 46516, (219) 295-7820.

RV BUSINESS is published monthly; a directory appears annually. Subscription rates: U.S. and Canada, $24 a year; $48 for two years. Foreign subs, $48 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates on request.

Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to Agoura, California, office.

RV BUSINESS is published by TL Enterprises Incorporated, which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Riderannual, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

Perspective

An analysis of RVB's monthly survey
of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	SEPT. 1986	SEPT. 1985	% CHANGE	1986	1985	% CHANGE	SEPT. 1986	SEPT. 1985	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	106	97	+ 7	940	1056	−11	91	53	+72	858	779	+10
TRAVEL TRAILERS	85	74	+15	838	831	+ 1	80	90	−11	767	752	+ 2
TRUCK CAMPERS	12	13	− 8	141	155	− 9	7	9	− 2	90	110	−18
CAMPING TRAILERS	67	50	+34	994	1139	−13	11	22	−50	283	331	−15
FIFTH-WHEELS	29	20	+45	222	237	− 6	11	7	+57	70	82	−15

	FOR MONTH			YEAR-TO-DATE		
	SEPT. 1986	SEPT. 1985	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$8,647,604	$6,703,058	+29	$79,521,381	$80,521,381	<−1%
TOTAL UNIT SALES	499	435	+15	5,203	5,472	−5
NEW-UNIT SALES	320	254	+26	3,135	3,418	−8
USED-UNIT SALES	200	181	+10	2,068	2,054	<+1%

In what can, at best, be described as a "flat" year, September was definitely a bright spot according to RVB's Dealer Advisory Board (DAB). Compared with the corresponding month of last year, more dollars were taken in and more units were sold (both new and used). Thirteen of the 20 DAB reporters were up in sales volume, and six were very close to last year's figures.

In terms of profits, it was a good month. Most members of the board rated grosses generally good to fair in new units, and good to excellent on used. Net profits were a bit weaker, with ratings of fair to good being the most frequently reported, and a couple of excellents being matched by two poors.

Inventories of new units were generally in good shape, with only one DAB member rating his high. Three considered their used inventory to be high. Lot traffic was rated average most frequently. The number of new buyers was generally rated on the low side.

For the year-to-date, the bright side is that more than half (12) DAB members have taken in more dollars; however, the total sales volume for the DAB is slightly down. In terms of units, the picture isn't quite so good. Of the five RV types, four categories are down in new units sold, and three are off the pace in used units.

MOTORHOMES

September was one of the best motorhome months in a long time—good in new units, and great in used. Profits were generally rated good, although three marked them poor because of close-outs. For the year-to-date, new units are still lagging behind the previous year, but used sales are up.

There does appear to be a trend toward greater increases in the larger motorhome dealer's business than in the little guy's business. The reason may be more sophisticated marketing practices on the part of the former.

TRAVEL TRAILERS

According to the DAB, September was a good month for new trailer sales compared with 1985—a fact consistent with year-to-date figures that show this category as the only one in the plus column. Although used sales were down for the month, they are still up for the year-to-date. Profits were rated fair to good.

Travel-trailer sales have been up consistently for several months, so it may be that this RV type is in the early stages of a comeback.

TRUCK CAMPERS

Two DAB dealers made sales of this type this September, as opposed to four dealers last year; however, sales were only one unit apart. The camper specialist on the DAB rated profits excellent. Used units were down slightly. Year-to-date, both new and used are down.

With the popularity of pickup trucks, there's no reason why camper sales should lag. It is obviously a problem in marketing—not something inherently wrong with that RV type.

CAMPING TRAILERS

Two members of the DAB had exceptionally strong September sales in folding camping trailers; consequently, the percentage increase for the month over last year is impressive. The year-to-date percentage decline in new-unit sales is the greatest of the five RV types, however. Profits in September were generally rated good. Used sales were only half what they were last year, and the year-to-date figure is down.

FIFTH-WHEELS

In terms of percentage of increase, fivers were the champion this month. Several members of the DAB more than doubled last September's new-unit sales. Used units did exceptionally well, too. Year-to-date, however, sales are not quite holding their own with the previous year. Profits were generally rated fair to good.

Not many dealers give fifth-wheels a fair chance; you can't stock one or two and expect to be in the business. Those who have the inventory and the knowledge necessary to sell them generally do sell well. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 21 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RVIA, SEPTEMBER

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during September 1986 was 30,000 units, up 13.6% from September 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Allen Yoder Jr. of Jayco Incorporated, Middlebury, Indiana.

RV shipments were as follows in Sept. 1986		Sept. 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	4,100	4,000	+ 2.5%	44,700	45,400	- 1.5%
PARK MODELS	500	700	- 28.6%	5,600	5,600	0%
FIFTH-WHEELS	2,000	1,700	+ 17.6%	17,600	16,000	+ 10.0%
TRUCK CAMPERS	500	600	- 16.7%	5,800	5,800	0%
MULTI-USE VEHICLES (Van Conversions)	14,800	11,900	+ 24.4%	146,100	127,500	+ 14.6%
TYPE A: MOTOR-HOMES	2,600	2,300	+ 13.0%	24,800	26,500	- 6.4%
TYPE B: VAN CAMPERS	600	300	+ 100%	4,700	5,500	- 14.5%
TYPE C: MINI MOTOR-HOMES	2,300	2,100	+ 9.5%	22,600	23,500	- 6.4%
FOLDING CAMPING TRAILERS	2,600	2,800	- 7.1%	27,600	29,100	- 5.2%
TOTALS	30,000	26,400	+ 13.6%	298,900	284,900	+ 4.9%

TOW-VEHICLE TRENDS

Chevrolet Astro

Dodge Caravan

Cherokee Chief

Ford Bronco

Conventional-size light-duty trucks are becoming more popular with trailer-towers, according to both automotive-company buyer studies and statistics on trailer-towing package installations. And manufacturers are caterings to RVers' demands by increasing light-truck performance and tow ratings, and by redirecting marketing strategy to take advantage of trailering.

Pickups, in particular, are increasingly favored for trailer-towing. In the 1985 model year, for example, the latest for which auto-company buyer data is available, 80 percent of the people who bought a one-ton pickup used it to tow some kind of trailer—including utility

Boosted tow ratings, marketing strategies reflect light-truck popularity

Figure 1

PERCENT OF NEW-TRUCK BUYERS TOWING A TRAILER*

	1985	1984	1983
½-ton pickups	44	41	40
¾-ton pickups	67	65	65
One-ton pickups	80	79	78
Full-size passenger vans	37	30	26
Small domestic pickups	29	26	28
Large sports utility	49	50	50
Compact sports utility	25	31	33

**Based on domestic manufacturer surveys of new-truck buyers a half-year after they registered their vehicles.*

Figure 2

PERCENT OF INSTALLATION OF TOW PACKAGES FOR LIGHT-DUTY TRUCKS*

	1986	1985	1984
Chevy Suburban	37.4	32.5	27.5
4WD Chevy Blazer	17.1	14.2	11.6
Chevy van (commercial)	1.1	1.3	.7
Chevy Sportvan (passenger)	10.1	8.8	6.7
Chevy S-10 pickup	.8	.9	.7
Chevy S-10 Blazer (compact)	7.0	6.9	6.3
Astro compact van (passenger)	11.0	10.3	—
Ford Econoline van (commercial)	4.0	3.3	2.5
Ford Club Wagon van (passenger)	20.0	16.0	12.0
Ford Bronco	33.0	23.0	15.0
Ford F-series full-size pickup	15.0	10.0	7.0
Ford Aerostar	12.3	—	—
Dodge Ramcharger	N.A.	23.5	21.9
Dodge full-size pickup	N.A.	5.5	5.3
Dodge full-size van (passenger)	N.A.	7.2	6.1
Dodge full-size van (commercial)	N.A.	3.1	2.3
Jeep Grand Wagoneer	63.0	62.0	55.0
Cherokee	19.0	19.0	15.0
Wagoneer	35.0	33.0	21.0
Comanche	5.0	—	—

** '86-model Dodge numbers were not available because of a change in which trailer-towing equipment was no longer offered in package form; rather, the company began offering various portions of the package, such as a bigger radiator and/or fan, individually.*

trailers, travel trailers, horse trailers, etc.—up from 78 percent in 1983. *(See Figure 1.)* By comparison, 67 percent of Chevrolet/GMC Suburban buyers and 49 percent of Bronco, Blazer/Jimmy, Ramcharger and Grand Wagoneer buyers used their vehicles to tow trailers.

The 4-wheel-drive (4WD), ½- and ¾-ton pickups generally were used more often for towing than the 2WD versions of the same-size pickups. The reverse was true for one-ton pickups: The 2WD versions were used most frequently.

About 11 percent of ½-ton pickup buyers reported towing trailers that weighed from 5000 pounds to more than 8000 pounds, while 36 percent of ¾-ton pickup buyers said they towed such trailers.

Among full-size passenger-van buyers, it has been reported that 39 percent males and 33 percent females have towed a trailer, according to auto-company buyer data.

Another measure of the popularity of light-duty trucks for trailer-towing is the number of tow packages installed. *(See Figure 2.)* However, the incidence of trailer-towing is even higher than the actual number of tow packages installed, because many smaller trailers don't require special tow packages. Manufacturers' data shows, for example, that one-third of 1986 model full-size sports-utility trucks were ordered with a tow package, and the number of such packages ordered in other light trucks has been increasing across the board.

The shift to light trucks for towing is enhanced by the continued decline in the use of passenger cars as tow vehicles. While some full-size cars, such as the Ford Crown Victoria and selected General Motors Corporation (GM) models, can still pull a 5000-pound trailer, many trailer makers, such as Airstream, no longer make trailers of that weight. Other trailer manufacturers still offer the lighter trailers, but, as Dave Tarrant, RV/OEM sales manager at Ford Division points out, "people who are really at the hardcore of the trailering market typically have trailers that, regardless

TOW VEHICLES

continued

of brand, weigh 6000 to 7000 pounds." Trailers of those weights need to be towed by a truck.

The power, performance and economy of light trucks also have been steadily improving with the addition of fuel-injection engines and other sophisticated hardware.

Bob Rieth, manager of special vehicles for GM's Chevrolet division, points out that the tow ratings on Chevrolet/GMC compact Astro/Safari vans climbed to 6000 pounds this year, up from a 5000-pound rating. This moves the vans from borderline Class 3 trailering vehicles to ones with more leeway for RVers, notes Rieth. Chevrolet and GM also boosted the tow ratings of their G20 series vans from 6000 pounds to 6500 pounds by reintroducing the 350-cid V-8 engine. The engine allows RVers to get power that was only previously available in a higher-priced G30 series, according to Rieth, and has boosted the popularity of that line by providing a more affordable tow vehicle.

GM also has catered to RV demand by increasing the availability of the 5.7-liter V-8 engine. The 5.7 engine is now nationally available as an option for 2WD and 4WD ½-ton and ¾-ton pickups rated up to 8500 pounds.

American Motors Corporation's (AMC) Jeep division also raised tow ratings to 5000 pounds this year on its Cherokee, Wagoneer and Comanche trucks, with the addition of a new 6-cylinder, 4.0-liter engine.

Chrysler Corporation is moving toward higher ratings in compact vans and pickups as well. The tow rating for its extended-wheelbase Caravan/Voyager, with a new 3.0-liter V-6 engine, will be raised to 2750 pounds in mid-1987, and then will be increased to 4000 pounds in 1988 with a special trailering package, according to company sources. In the 1988 model year, Chrysler says it will expand availability of that engine and increase power in its other engines with fuel injection.

Some manufacturers say that they could increase the ratings of some models further but that they are reluctant to do so. As Ford's Tarrant points out, although the Ford F-250 and F-350 heavy-duty pickups could go above a 12,500-pound trailer-weight rating, according to Ford engineers, Ford would be taking a risk because trailer-towers are prone to exceed specified limits.

"We've seen people tow 20,000-pound trailers with a 12,500-pound rated vehicle," says Tarrant. "We've also seen F-350 chassis cabs set up with fifth-wheels, so they look like miniature F-8000s (medium-duty trucks). While we don't condone it, that's the real world. And it makes us cautious about raising our ratings." Until competition forces Ford to do otherwise, the company will hold tow ratings at its current limit, Tarrant says.

Other automakers, however, may be boosting tow ratings. Chevrolet's Rieth notes that the 2WD C-30 pickup has a top rating of 13,500 pounds now, and, when Chevrolet's 454-cid V-8 engine becomes fuel injected next fall for the 1988 models, it could prompt an increase in the pickup's tow ratings. Chrysler may also introduce a powerful new Cummins turbodiesel engine in its D-350 pickups in calendar 1988, which will boost its towing capacity well beyond the company's current 9000-pound limit for the D-350, according to rumors.

Although Detroit could also put larger V-8 engines into their full-size cars and, thus, raise their tow ratings substantially, auto-company officials indicate that they have no interest in doing so. Such a move would hamper meeting federal fleet corporate average fuel economy (CAFE) standards, which would force the auto companies to pay penalties and create a bad image for their cars.

In fact, federal emissions standards will soon affect trucks as well. A new emissions law, which will take effect this January, will impact gasoline-engine trucks in the 10,000- to 14,000-pound

LET FREEDOM RING UP SALES FOR YOU!

There's a new Freedom in the land — Freedom motorhomes — offering you an unlimited future:

- New company, dealerships are open now.
- Quality-built Class A and Class C motorhomes.
- Sold strictly through dealers.
- An exceptional list of standard features.
- Priced much lower than motorhomes of comparable quality.
- Special customizing available.
- Exciting new economy Freedom Belle mini just out.

Freedom motorhomes liberate buyers from typical high RV prices without a single compromise in comfort and convenience. Call our toll-free number : 1-800-225-0945.

Freedom Corp.

400 W Brooklyn St., P.O. Box 505, Syracuse, IN 46567, (219) 457-3161

See our display, including the exciting new Freedom Belle, at the Atlanta Show December 2-5, East Wing, Aisle AB-57.

Freedom, Circle 31 on Reader Service Card

Universal 5th Wheel Hitch

Order the new Universal Hitch now!!

Each hitch has 20 years experience behind it.

Universal Fit one stock number fits all trucks (foreign & domestic).

Easily installed with included frame attaching brackets.

Removable to allow the consumer to use his entire bed when not towing.

UPS-able for fast deliveries.

Lightweight easy for the consumer to handle inside and out of his truck bed.

Easy to understand so the consumer knows how to use it properly.

Dependable built by the inventor of the fifth wheel hitch.

Distributors CALL 1-800-826-1960 with your order now, before your competition does.

Dealers!! Call your local distributor for the new hitch. If he doesn't carry the new hitch, it's time to change distributors.

OWENS Classic

P.O. Box 628, Sturgis, MI 49091
Telex: #704491
In Michigan: (616) 651-9319

Distributors throughout U.S. and Canada

SEE US IN ATLANTA BOOTH #480

TOW VEHICLES

continued

gross vehicle weight (gvw) range, including some of the one-ton dual-wheel chassis pickups that seem to be popular with RVers.

In order to meet the federal law, Ford is fuel-injecting its 7.5-liter V-8 engine and adding catalytic converters, according to the company, and some of the costs are likely to be passed on to the buyer. GM says it will continue offering gasoline engines in that gvw range, as well as pushing sales of its diesel-engine trucks in that gvw range, because the new law does not affect such diesels. Chrysler and AMC sell few trucks in the affected gvw range.

Detroit officials say they are seeking ways of meeting the law so that availability of certain gasoline engines is not restricted in affected models. Even though Ford's 5.8-liter V-8 won't be fuel-injected until next fall, the company sources say it expects to have full availability of the 5.8-liter engine throughout the 1987 model year. GM officials also say that they expect gasoline engines in the 10,000- to 14,000-pound truck models will continue to be available.

Meanwhile, manufacturers are looking at new marketing approaches that take advantage of the increased popularity of tow vehicles and trailering.

For example, Troy Simonsen, truck program management chassis manager for Chrysler, asserts that many in the industry "don't know how important trailering is. We haven't recognized its full significance." Even though recent Chrysler tow-package figures have been complicated by a 1986 shift in Chrysler operations from selling tow packages to selling the package components separately (including maximum cooling, auxiliary oil coolers for automatic transmissions, and heavy-duty batteries and suspensions), Simonsen believes that the figures reveal a pattern of continued growth.

Simonsen is undertaking his own study of trailer-towing and suggests that the company could do more to appeal to trailer-towers, such as upgrading the basic towing capability of Dodge trucks. Although Chrysler's position is that any of its full-size pickups can handle a 2000-pound trailer without additional equipment, Simonsen suggests that, by standardizing a couple of basic items—such as maximum cooling, which is the most difficult to retrofit—Chrysler could better equip its trucks to handle heavier trailers, without adding a lot of extra manufacturing costs.

Meanwhile, Ford strategy has focused on simplification of its optional tow-equipment packages.

On certain compact trucks equipped with small engines, for example, Ford no longer offers a specific trailering

continued on page 124

SALARY SURVEY:

AN '86 UPDATE

WALTER B. WENTZ

The March issue of *RV Business* featured the First Annual RV Industry Salary Survey, which reported the findings of a compensation survey taken late in 1985. This article updates those findings with the results of a 1986 sample of the industry.

The 1985 survey focused on averages: the average total-compensation package (salary and bonus) for the various positions—from president to clerk—of RV manufacturers, suppliers and dealers. The 1985 average compensation figures were categorized by size of firm (total sales) and are recapped below in Figures 1, 2 and 3.

This 1986 survey update looks at change: the average percentage increase or decrease from 1985 in the total compensation packages of manufacturers, suppliers and dealers. Because of a limited sample size, 1986 compensation reports were not subdivided by firm size. The percentage changes indicate the direction of compensation levels for firms of all sizes.

In general, the changes were not significant and usually were in line with what might be expected in a year when sales were less than robust and the pressure was on for cost containment to salvage profits.

Manufacturers

As you see in Figure 4, chief executive officers (CEOs) pulled a little more out of their RV companies in 1986, while marketing executives drew less. This was mainly the result of smaller bonuses, as one would expect in a period when sales were weak.

On the marketing side, the 15 percent increase in a salesperson's total compensation (salary and bonus) is surprising, given the sluggish sales picture and the decreases in compensation to marketing directors (down 19 percent) and sales managers (down 10 percent). This may have been a statistical fluke, something that is always possible with sample data. More likely, it was the result of leaner sales forces, hence more sales per salesperson. Also, some RV manufacturers probably hiked their incentive program in an effort to get more production out of their sales force.

It is not surprising to see production managers, who have the most influence over quality and cost, get a bit more money. For example: The manufacturing directors' income showed an 11-percent increase.

A disturbing trend must also be noted. Most manufacturing firms responding to the 1986 survey did not report a compensation figure for the head of research and development, implying that there is no such job or that the position is not currently filled. As tomorrow's success rests on today's research and development, this is a matter for concern.

Suppliers

Figure 5 provides a picture of RV suppliers. Again, change is less than dramatic, but the profile is different from that of the vehicle manufacturer. Compensation for the better-paid positions either remained unchanged, such as that for CEOs, or decreased, as in the case of manufacturing directors. Increases went to production-line supervisors, line workers and salespersons.

There may be a couple of explanations, in addition to random error present in any sample data, for the difference between the suppliers' and manufacturers' profiles. First, many of the suppliers are not exclusively in the recreational vehicle business as are most of the manufacturers surveyed. Suppliers, therefore, are affected by a slightly different set of economic forces. Second, the nature of their products is different, requiring a different set of labor, as well as material, inputs.

continued

1985 SALARY SURVEY IN BRIEF

Figure 1

1985 AVERAGE TOTAL COMPENSATION: MANUFACTURERS

Position	**Under $5 million Total compensation** *(salary & bonus)*	**$5-14.9 million Total compensation** *(salary & bonus)*	**$15-$100+ million Total compensation** *(salary & bonus)*
CEO	$54,362	$101,250	$196,733
President	54,716	92,333	161,903
Director of Marketing	45,993	62,866	77,690
Sales Manager	31,600	50,800	63,000
R&D Director	20,000	27,675	64,225
Purchasing Director	22,334	33,100	44,468
Manufacturing Director	32,788	46,650	71,693
Plant Supervisor	25,924	40,069	39,243
Production-line Supervisor	20,219	23,317	27,468
Production-line Worker	15,653	16,670	14,762
	(salary & commission)	*(salary & commission)*	*(salary & commission)*
Salesperson	28,523	39,908	46,100

Figure 2

1985 AVERAGE TOTAL COMPENSATION: SUPPLIERS

Position	**Under $2 million Total compensation** *(salary & bonus)*	**$2-$8.9 million Total compensation** *(salary & bonus)*	**$9-$20.9 million Total compensation** *(salary & bonus)*	**$21-$49.9 million Total compensation** *(salary & bonus)*	**$50+ million Total compensation** *(salary & bonus)*
CEO	$67,467	$98,611	$184,877	$270,000	$155,250
President	56,544	83,420	120,132	198,667	129,000
Director of Marketing	34,920	46,345	64,300	74,700	84,844
Sales Manager	34,117	52,044	55,299	69,100	51,696
R&D Director	30,000	42,666	46,481	51,350	54,395
Purchasing Director	24,792	28,611	52,268	58,520	44,064
Manufacturing Director	37,479	48,910	67,448	69,800	61,101
Plant Supervisor	26,370	35,812	42,128	32,750	34,285
Production-line Supervisor	18,574	20,685	22,259	20,600	23,870
Production-line Worker	14,599	12,666	13,528	12,004	18,592
	(salary & commission)	*(salary & commission)*	*(salary & commission)*	*(salary & commission)*	*(salary & commission)*
Salesperson	23,270	53,135	46,600	73,667	65,200

Figure 3

1985 AVERAGE TOTAL COMPENSATION: DEALERS

Position	**Under $1 million Total compensation** *(salary & bonus)*	**$1-$2.9 million Total compensation** *(salary & bonus)*	**$3-$7.9 million Total compensation** *(salary & bonus)*
President/Owner	$35,090	$46,830	$68,200
General Manager	25,590	34,000	44,800
Sales Manager	29,190	27,730	27,750
F&I Manager	25,380	21,600	†
Service Manager	21,350	21,860	27,230
Parts Manager	17,950	13,690	24,880
Line Mechanic	15,555	16,760	17,550
Clerk	10,990	13,490	11,450
Lot Staff	8,390	19,990	12,000
	(salary & commission)	*(salary & commission)*	*(salary & commission)*
Salesperson	25,270	29,950	29,670

† = Inadequate data

Dealers

As we see in Figure 6, the presidents/owners of RV dealerships did no better or worse than last year, but their employees generally did better. (Where the data were insufficient to be statistically meaningful, the numbers are omitted.)

Sales commission rates remained about the same. Either the salesperson gets 20-25 percent of the gross profit, or he/she earns no incentive pay. Incentive pay is the reported norm, although some salespeople do earn mainly, or exclusively, salary.

Fringe Benefits

The pattern of fringe benefits remains about the same compared with last year. (See Figure 7.) Medical insurance is the most common benefit, although we suspect the employer's contribution (expressed as a percentage) or the scope of the coverage may have declined a bit with the increase in the price of medical insurance programs.

The Big Earners

The highest total compensation package reported in the RV industry in the 1986 sample was $496,000 (salary plus bonus) for the CEO of a manufacturing firm. The highest-paid position reported by a supplier was another CEO's $182,000 in total salary and bonus. The dealer top dollar was $220,000 for a company president/owner.

Although these are impressive incomes, they are little more than petty cash for the nation's really big earners. For example, Victor Posner holds the 1985 record for a publicly held corporation with a salary-and-bonus package of $12,739,000. That is not bad pay for running a company, DWG Corporation, that made only $5.6 million last year. Chrysler Corporation Chairman Lee Iacocca placed second with $11,426,000.

Although the profits of publicly held corporations have risen little during the past few years, and labor has barely held its own, compensation for top management has gone up significantly—9 percent just last year. In 1980, four executives made more than $1 million in salary and bonus. Last year, the number had climbed to 146. The senior executives of companies listed in a *Business Week* study of 1985 executive pay—and this includes all the big, publicly held firms—earned an average of $679,000 per year.

Your Numbers

In comparing your compensation pat-

Figure 4

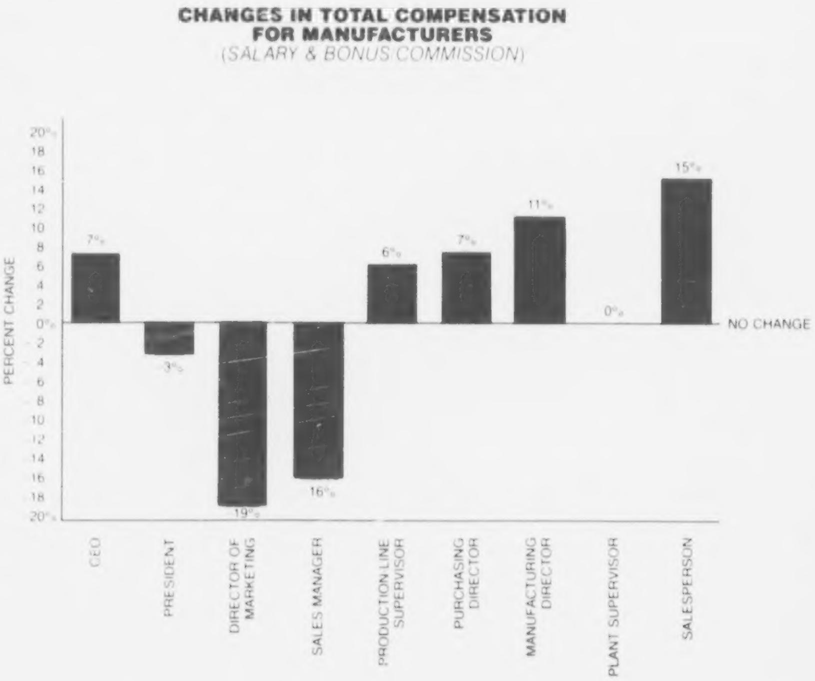
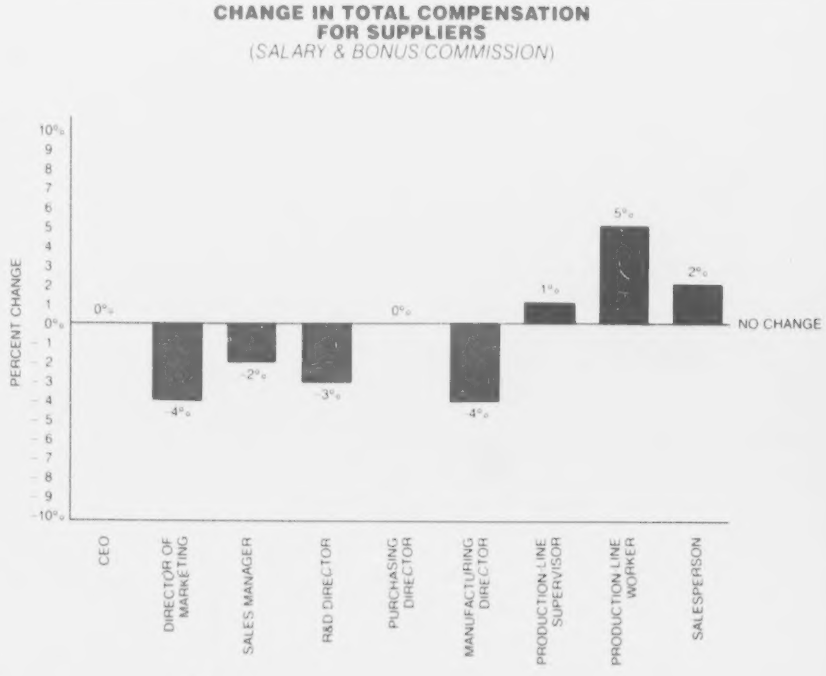

CHANGES IN TOTAL COMPENSATION FOR MANUFACTURERS (SALARY & BONUS/COMMISSION)

Figure 5


CHANGE IN TOTAL COMPENSATION FOR SUPPLIERS (SALARY & BONUS/COMMISSION)

terns with those reported above, remember that cash income and benefits vary between industries, between sectors of a given industry, between firms within industry sectors and between regions. For example, firms in Mississippi do not pay as much as those in California—nor do they have to, due to the differences in the cost of living and the degree of unionization.

To get a better idea of where your company stands, look at the local data for related jobs. One source for such information may be your state employment office. Another source is the Bureau of Labor Statistics, a federal agency that regularly collects and publishes data on regional, and even local, labor rates. Your local chamber of commerce should also be able to provide data or tell you where to get it. Check the local library for publications such as *Sales Force Compensation* (New York: Dartnell Institute of Financial Research) or appropriate issues of *Inc.* magazine or *Sales and Marketing Management*.

A simpler test of the adequacy of your total compensation and working conditions is turnover. Do you keep your good people? Do you attract good people? If the answers are "no," you are doing something wrong, and it may not be just the pay.

If the answers are "yes," you may still be doing something wrong; you may be overpaying. Ask yourself what kind of profit you are making and how much supervision you have to provide your people. If profit is good and you are not baby-sitting your experienced employees, do not worry about whether you may be overpaying people. Generally speaking, good people are a bargain at any reasonable price. Δ

Figure 6

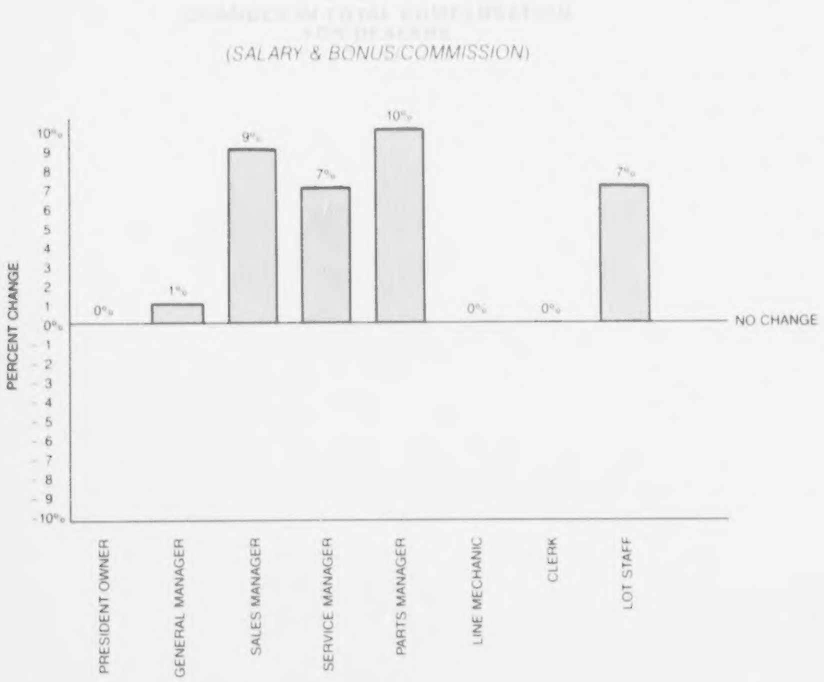


Figure 7

1985 NONMONETARY COMPENSATION OF THE LARGEST MANUFACTURERS, SUPPLIERS, DEALERS

Manufacturers $15-$100 + million
(percentage employer's contribution)

	Exec./Mgmt.	Salaried	Sales	Hourly
Medical Insurace	89%	89%	78%	78%
Pension	44%	44%	44%	44%
Life Insurance	56%	56%	56%	56%
Company Car	22%	0%	11%	0%

Suppliers $50 + million

	Exec./Mgmt.	Salaried	Sales	Hourly
Medical Insurance	78%	78%	56%	89%
Pension	67%	67%	44%	44%
Life Insurance	44%	44%	33%	33%
Company Car	0%	0%	0%	0$

Dealers $3-$7.9 million

	Exec./Mgmt.	Salaried	Sales	Hourly
Medical Insurance	70%	70%	70%	70%
Pension	17%	17%	17%	17%
Life Insurance	17%	17%	17%	17%
Company Car	0%	0%	0%	0%

Coming in January in *RV Business*:

An outlook for the '87 van-conversion market, plus a profile of the van-conversion buyer.

THE ORIGINAL STAINLESS STEEL SIMULATORS NOT EASILY STOLEN

Highly polished stainless steel wheel simulators give your motorhome an elegant custom look for a fraction of the cost.

Sizes:
16" Ford & Chevy
16.5" Ford & Chevy
19.5" G.M.C.
"New" 19.5" 6-lug Dodge M-600
John Deere, Roadmaster

DEALERSHIPS AVAILABLE IN SELECTED AREAS

KAPER II, INC.
7311 Madison Street, Paramount, CA 90723
In California (213) 633-2011 • Outside California (800) 336-2011

LOOK FOR US AT THE ATLANTA SHOW!

Kaper, Circle 41 on Reader Service Card

TOW VEHICLES

from page 52

package because few people use such vehicles to tow anything, Tarrant says. Instead, Ford offers selected individual components for trailering—super-engine cooling, for example—as options.

On the Aerostar, Ford has combined options that appeal to a trailer-tower into a broader package called the "functional group" option. The package is designed for any severe service use. And, on its full-size F-series pickups, the company has simply combined separate camper and tow packages, which have many common parts, into one package.

Ford marketing strategy also is seeking to target a specific group of trailer-towers, according to Tarrant.

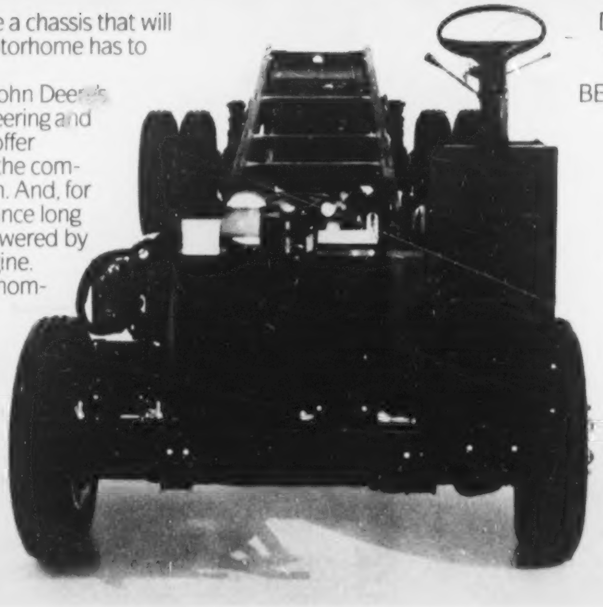
Tarrant divides trailer-towers into two groups. The "no-compromise" group consists of the retirees and other people who have sufficient means to be RVers on a continual basis, he explains. These RVers tend to buy vehicles with more than 8500-pound gvw and with larger powertrains or high-powered diesels. They are inclined to pull large trailers or to frequently use whatever trailer they do own.

The second, "compromise" group uses trailers less frequently, notes Tarrant. This group's trucks double as "second cars" for everyday functions, such as

Give your customers John Deere's superior ride, handling and warranty

Your customers deserve a chassis that will bring out the best a motorhome has to offer... including:
BETTER HANDLING. John Deere's wide track front axle, steering and leaf spring suspension offer stability and cornering the competition just can't match. And, for reliability and performance long term, each chassis is powered by a Ford 460 CID gas engine.
BETTER RIDE. An ergonomically designed driver's station, superior braking and John Deere designed suspension all reduce driver fatigue while increasing the true joy of motorhoming.
HIGH GVWR. John Deere's GVWR range from 15,440 to 18,000 pounds provides the widest choice in the industry.
BETTER WARRANTY. John Deere and Ford combine to offer a unique warranty/service program that will protect your vehicle throughout North America. For more information about John Deere chassis talk to your motorhome manufacturer. Or write John Deere Marketing Services, Inc., John Deere Tractor Works, P.O. Box 3500, Waterloo, Iowa 50704-3500.

THE CONFIDENCE BUILDERS



John Deere, Circle 19 on Reader Service Card

shopping. This group doesn't want to invest as much in its vehicles, he says. It is also looking for flexibility, good handling and fuel economy, as well as durability and solid towing capability for the occasions when a trailer is used.

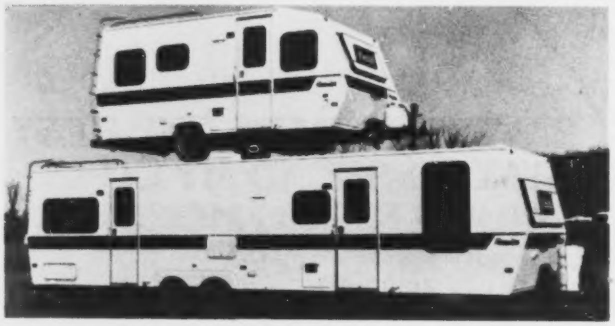
Tarrant says that, because the compromise group is by far the larger, Ford is moving toward creating vehicles specifically for that group, with more targeted transmissions, powertrains and axle ratios.

As the most traditional of the Big Three automakers in its market approach, GM's strategy is to continue offering the widest array of vehicles and tow packages possible. It still has light- and heavy-duty trailering packages for full-size vans, for example, with prices ranging from $132 to $596 in 1987. GM also continues to offer tow packages in its compact vans and pickup trucks, and will have the broadest variety of full-size trucks on the market this year.

Like GM, AMC also continues to take a very traditional approach to the market, says Bart McLellan, Jeep marketing plans manager. AMC, too, maintains light- and heavy-duty trailer packages for its various compact and full-size trucks. Despite the introduction of the high-powered 4.0-liter engine, AMC is taking a conservative approach and is planning for tow-package installations to be about the same this year as last.

Looking to the future, Detroit officials generally are upbeat about the prospects for tow vehicles. Tow-vehicle sales, particularly truck sales *(see accompanying story)*, have been very strong, although towable sales have fallen off this year after strong years in 1983, '84 and '85, according to Recreation Vehicle Industry Association statistics. Undismayed by the drop in towable sales, Detroit officials point out that there's still a huge universe of trailers in operation, which will tend to far outlast the vehilces that pull them. Δ

Compare for yourself, Real-Lite RV's stack up.



Mr. RV Dealer

Is your lot overcrowded with units that don't move? Try Real-Lite. They sell because they "stack up ". Real-Lite Truck Campers, Travel Trailers, Fifth Wheels and "C" Motorhomes are totally laminated and super strong.

Juno Industries, Inc. • 67320 Cassopolis Road • Cassopolis, MI 49031 • (616) 699-5302 RVIA

Real-Lite, Circle 64 on Reader Service Card

RV Bumpers...from ASI

WE'VE GOT STYLE, SERVICE & QUALITY!

ADD GOOD LOOKS... Enhance your RV lineup with top quality bumpers custom designed to integrate with your vehicle's styling.

WE CAN HELP... Our experienced engineers can assist you from initial design to final installation.

YOU'LL SAVE...ASI's extensive tooling can usually be adapted to your design...reducing tooling costs.

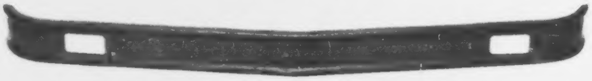
YOU'VE GOT CHOICE... Materials: Stainless steel, aluminum, mild steel, EPDM impact strips. Finishes: Polished, brushed, chromed, anodized, powder coat painted.

TOP QUALITY... State-of-the-art equipment, a modern facility, experienced people, tight control and a dedication to deliver only the best means every bumper is top quality...you can depend on it!

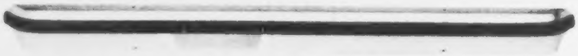
CALL TODAY...toll free (800) 854-6903, in California (714) 772-9950.

asi **Avionic Structures, Inc.**
1429 N. State College Blvd. • Anaheim, CA 92806

V bend, impact strip, light cut outs, bright polished stainless steel.

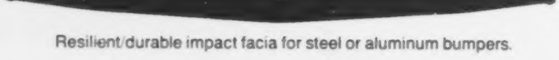


7" facia, V bend, light cut outs, mild steel, painted.



7½" facia, license plate recess, impact strip, aluminum extrusion, polished bright, clear urethane finish.

8" facia, stylized sweep, tipped ends, impact strip, brushed finish stainless steel.



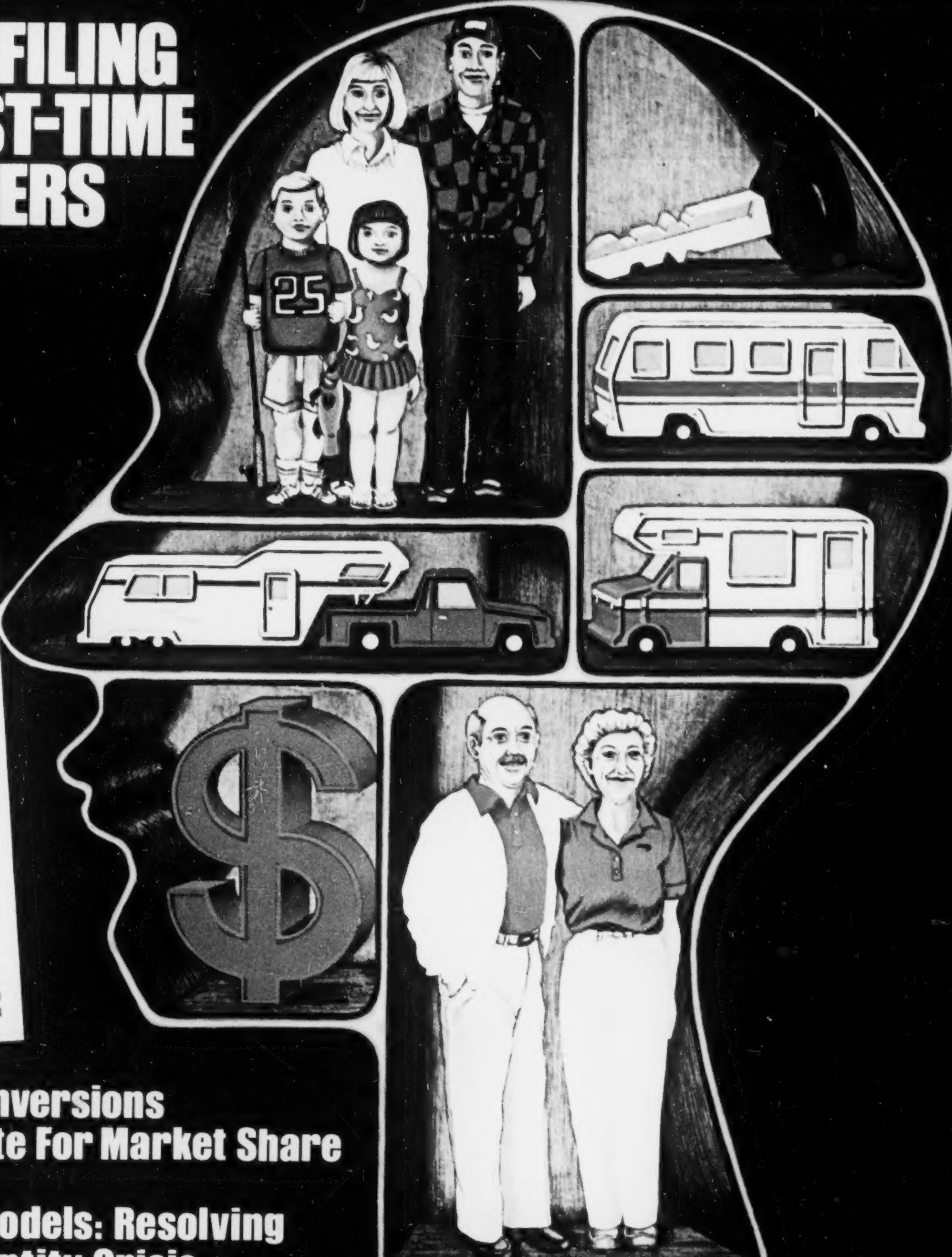
Resilient/durable impact facia for steel or aluminum bumpers.

C8950-2
1/30/87

RV BUSINESS

JANUARY 1987 $2.00

PROFILING FIRST-TIME BUYERS



C4C2E7 C1/E727C611515162RVB **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

Van Conversions Compete For Market Share

Park Models: Resolving The Identity Crisis

RV BUSINESS

CONTENTS

FEATURES

[illegible] PROFILING FIRST-TIME BUYERS
Patricia E. Goeke

Two new studies sponsored by the Recreation Vehicle Industry Association and TL Enterprises reveal many important characteristics of the elusive first-time RV buyer. The buyer portrait that emerges should help dealers to better target their marketing efforts to attract first-timers.

[illegible] VAN CONVERSIONS
Vicki Elmer

With a growing share of RV sales, van-conversion companies are focusing their efforts on segmenting their highly competitive market, carving out product niches and building dealer loyalty.

[illegible] PARK MODELS
Robert Longsdorf Jr.

Spurred by concerns about state regulatory efforts, the RV industry and park-trailer makers have at last agreed to definitions that would make park models full members of the RV industry, ending a longstanding identity crisis that has left park trailers stranded somewhere between RVs and manufactured housing.

[illegible] LEGAL CONCEPTS
Fred S. Steingold

Paperwork may be the bane of many businessmen, but poor corporate records can invite expensive legal problems with shareholders, the Internal Revenue Service and creditors. This article outlines the record-keeping requirements of state corporation laws.

[illegible] MARKETING CONCEPTS
Jim Norland

Triple A RV Center of Grants Pass, Oregon, provides an example of how a parts and accessories "supermarket" can both increase parts and accessories sales and act as a customer-drawing profit center for the entire dealership.

51 AD OF THE YEAR
Ben Sussman

As *RV Business'* Fourth Annual Ad of the Year, Weyerhaeuser's Structurwood ad proves that good advertising can help buyers see the forest for the trees.

[illegible] MIAMI SHOW

A brief overview of the 1987 Miami International Travel-camping Show is provided, along with an exhibitor listing.

[illegible] FEATURE ARTICLE INDEX

A handy listing of feature articles that appeared in *RV Business* in 1986.

DEPARTMENTS

5 **EDITORIAL**
John Thompson

[illegible] **LETTERS**

10 **MAXWELL**
Gaylord Maxwell

14 **RV PEOPLE**

16 **OERTLE**
V. Lee Oertle

20 **PERSPECTIVE**
Gaylord Maxwell

21 **ASSOCIATIONS**

22 **SHIPMENTS**

[illegible] **PROFITMAKERS**

[illegible] **INDUSTRY NEWS**

76 **CALENDAR**

[illegible] **CLASSIFIED**

ON THE COVER: Two recent studies profile the elusive first-time RV buyer. Illustration: Andrea Bell.

Perspective

An analysis of RVB's monthly survey
of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	OCT. 1986	OCT. 1985	% CHANGE	1986	1985	% CHANGE	OCT. 1986	OCT. 1985	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	105	97	+ 8	966	1,106	− 13	97	70	+ 39	937	836	+ 12
TRAVEL TRAILERS	77	71	+ 8	892	845	+ 6	64	73	− 12	799	800	− 1
TRUCK CAMPERS	13	8	+ 63	144	161	− 11	6	11	− 45	93	112	− 17
CAMPING TRAILERS	35	32	+ 9	968	1,046	− 7	16	20	− 20	294	333	− 12
FIFTH-WHEELS	12	20	− 40	170	178	− 4	7	4	+ 43	68	72	− 6

	FOR MONTH			YEAR-TO-DATE		
	OCT. 1986	OCT. 1985	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$8,106,521	$7,347,008	+ 10	$83,351,573	$83,162,678	+ 1
TOTAL UNIT SALES	432	406	+ 6	5,331	5,489	− 3
NEW-UNIT SALES	242	228	+ 6	3,140	3,336	− 6
USED-UNIT SALES	190	178	+ 7	2,191	2,153	+ 2

RV Business' Dealer Advisory Board (DAB) reports that retail RV sales in October were up from the previous year in both dollars and units.

Of the five new-unit categories, four were up. Only fifth-wheels showed a drop. Although three used-unit categories were slightly down, the total for all used types was positive. DAB members were about evenly split between ups and downs in dollars taken in.

In terms of profits, the DAB had a good month. Grosses were generally rated fair to good. Net-profit ratings varied from poor to excellent with the good column receiving the most checks. The service and accessory business received mostly good to excellent ratings.

Inventories are generally in good shape for members of the DAB. Most considered their new-unit stock to be about average. Three reporters considered their used supply to be too large. Lot traffic was rated low to average, as was the percentage of new buyers.

Year-to-date, the dollar sales volume for the first 10 months of 1985 is almost identical with that of 1986. New units are down a few points, and the used column is slightly up.

Although there are still two months to go, it is apparent that 1986 will be a repeat of the previous year in many respects. Unit sales and dollar sales will be about the same for the average dealer. However, as in all years, there are many deviations from the norm. Some dealers are reporting their best year ever; others are flirting with bankruptcy.

MOTORHOMES

Although more DAB dealers of this RV type were down for the month, some of those who were up were *really* up. Three of the larger, multitype dealers racked up motorhome sales that were two to four times higher than those of October '85. Sales of used units were strong, also.

Profits on new units were rated as fair to good. Profits on used units were reported to be good to excellent.

TRAVEL TRAILERS

The upward trend in sales of new trailers continued through October. Two out of three DAB dealers were up. Used sales were somewhat down. For the year-to-date, new travel trailers are the only RV type to stay in the plus column for the DAB. Used sales are about even. New trailer profits were rated generally as fair to good; three DAB members ranked them as poor.

TRUCK CAMPERS

Small numbers make conclusions difficult for this type in October. The 63-percent increase reflects a sales increase of five units. And the 45-percent decrease in used-unit sales reflects a drop of only five units. Year-to-date figures indicate that sales of both new and used units are down a bit.

Profits on new-unit sales were rated excellent.

CAMPING TRAILERS

A couple of DAB members who push folding camping trailers extra hard had better-than-usual sales in October—enough to put that category ahead in new-unit sales for the month; however, used sales dropped.

Year-to-date, new-unit sales are still behind the previous year. Profits were down, with ratings only poor to fair.

FIFTH-WHEELS

As with truck campers, small-number differences make big percentages. The 40-percent drop in new-unit sales is considerable, however, and reflects a generally poor month for that RV type. Similarly, the 43-percent increase for used sales reflects a decrease of three units. Year-to-date numbers for fivers indicate that 1985 and 1986 are similar.

Profits on new units sold in October were rated as good. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 21 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RVIA, OCTOBER

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during October 1986 was 29,200 units, up 5.4% from October 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Jim Sheldon of Fleetwood Enterprises, Riverside, California.

RV shipments were as follows in October 1986		Oct. 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	4,600	4,300	+ 7.0%	49,300	49,700	− 0.8%
PARK MODELS	900	800	+ 12.5%	6,500	6,400	+ 1.6%
FIFTH-WHEELS	2,300	2,200	+ 4.5%	19,900	18,200	+ 9.3%
TRUCK CAMPERS	600	400	+ 50.0%	6,400	6,200	+ 3.2%
MULTI-USE VEHICLES (Van Conversions)	12,500	12,600	− 0.8%	158,600	140,100	+ 13.2%
TYPE A: MOTOR-HOMES	3,200	2,900	+ 10.3%	28,000	29,400	− 4.8%
TYPE B: VAN CAMPERS	300	300	0%	5,000	5,800	− 13.8%
TYPE C: MINI MOTOR-HOMES	2,300	2,000	+ 15.0%	24,300	25,500	− 4.7%
FOLDING CAMPING TRAILERS	2,500	2,200	+ 13.6%	30,100	31,300	− 3.8%
TOTALS	29,200	27,700	+ 5.4%	328,100	312,600	+ 5.0%

PROFILING FIRST-TIME BUYERS

PATRICIA E. GOEKE

The question, "Who is the first-time RV buyer?," continues to fascinate and challenge the industry—and for good reason. The future growth and vitality of the industry depends on being able to continue to attract new buyers to the RV lifestyle, and the industry has responded with renewed research efforts to identify and describe the elusive first-timer.

The recently released study sponsored by the Recreation Vehicle Industry Association (RVIA), *Understanding the First-Time Recreation Vehicle Buyer*, for example, provides one portrait of the first-time buyer. Interest in the characteristics of the first-time RV buyer also prompted TL Enterprises Incorporated to commission a study examining many of the same questions, and the preliminary results of this study suggest additional dimensions of new buyers.

A Complex Portrait

Understanding the first-time buyer—in terms of demographic characteristics such as age, household size, education, occupation and income—is the first step in better targeting marketing efforts to future first-time buyers.

Although the composite portrait of the first-time owner, based on both the RVIA and TL studies, is complex, a brief summary can be made.

It is clear that the first-time RV buyer is likely to be a married homeowner. This RV buyer will have an annual income of at least $35,000, with $40,000 the overall average. Employed first-time buyers will have an average income higher than the $40,000 average, since the inclusion of retired buyers, who make up 25 percent of the total, tends to depress the overall average.

WHO IS THE FIRST-TIME RV BUYER?

Base:	**Total** 904 (100%)	**Motorhome** 303 (100%)	**Travel Trailer** 319 (100%)	**Fold-down Camper** 153 (100%)	**Truck Camper** 121 (100%)
Average age (years)	49.1	53.7	49.7	41.5	45.3
Married	92%	92%	92%	93%	86%
Home ownership	92%	96%	92%	88%	88%
Average income (in thousands)	$39.8	$45.3	$36.0	$39.8	$37.0
Education					
High school or less	53%	44%	60%	52%	56%
Some college or more	43	52	36	47	36
Employed full-time	55	45	56	71	57
Retired	25	35	24	10	18
Average miles driven with RV each year	5900	9100	4300	2800	5800

CHART COURTESY OF RECREATION VEHICLE INDUSTRY ASSOCIATION

The average age of the first-time buyer at the time of purchase ranges between 40 and 54 depending on whether the first purchase is a new or used vehicle and depending on the type of RV purchased.

About half of the first-time RV purchasers currently live in households of two persons, although almost two-thirds had children living at home when they purchased their first RV.

Half of the first-timers have a high-school education or less, yet about half have at least some college education.

One-quarter of the first-time RV buyers are retired; prior to retirement, half of these owners had been in a professional, technical, managerial or self-employed occupation. Similarly, half of those not retired are in white-collar occupations.

Approximately two-thirds of the first-time buyers purchase a used vehicle as their first RV, and half of these make

---

Patricia E. Goeke is assistant professor of marketing at West Virginia University in Morgantown. She has been conducting research on travel, tourism, recreational and leisure for the past eight years, specializing in consumer behavior trends and the economic impact of the travel/leisure industry.

ILLUSTRATION: ANDREA BELL

FIRST-TIME BUYERS *continued*

that purchase from a private party.

With the exception of the truck-camper owner, almost three-quarters of used-RV buyers who upgrade to a new vehicle purchase the same type of RV as their original vehicle. Among current first-time owners of both new and used vehicles, 40 percent would plan to buy the same vehicle type if they were to buy a new vehicle today. Thus, the purchase of the used RV is a continuing influence on subsequent purchases.

The results of the TL survey, which are still being analyzed, may yield further refinements as additional questions are evaluated.

Defining "First-Timer"

A clear understanding of the varying definitions of a first-timer is important in evaluating the findings outlined above.

In the RVIA study, the first-time buyer fell into one of two classifications: (1) the first-time buyer of a used vehicle, who was an owner who had not previously purchased either a new or used RV; and (2) the first-time buyer of a *new* vehicle, who may or may not have previously owned a *used* vehicle. Three-quarters of the sample of 904 respondents were first-time buyers in the second category: buyers of their first *new* RV. Among these first-timers, 58 percent had previously owned a used vehicle.

Thus, for the RVIA sample overall, approximately 68 percent of the respondents had initially entered the RV market with the purchase of a used vehicle.

The TL survey, drawn from vehicle registration lists, identified first-time buyers and repeat buyers within the sample of 1100 respondents. In this case, first-time owners were those who, at the time of the survey, owned their first RV ever purchased, either new or used. Approximately one-quarter of the respondents were thus classified as first-time owners.

These differing definitions of the first-time owner account for some of the differences in the descriptions of first timers drawn from the two surveys.

Age

The RVIA study indicates that the average age of the first-time buyer of a *new* RV would be between 47 and 49 at time of purchase. The age at which the first *new* RV is purchased tends to be higher for those who previously purchased a used vehicle. Among this group, the average age at the time of the new-RV purchase is between 49 and 51, compared to an age range of 44 to 46 at the time of purchase among those whose *first* RV purchase is a new vehicle.

RVIA's average age of the first-time buyer of a *used* RV was found to be approximately 46-48 years old at the time of purchase. Both surveys found that a high percentage of actual first RV purchases were of used vehicles—68 percent of the respondents in the RVIA study and 65 percent of the respondents to the TL survey.

In the TL survey, the average* age at the time of the first RV purchase was found to be approximately 41 years old, with little difference between those who currently owned their first vehicle and those who had subsequently replaced their first RV.

The RVIA sample of first-time purchasers of used vehicles was drawn from names provided by members of the Recreation Vehicle Dealers Association (RVDA). The TL survey, however, found that, among those owners who presently own their first RV, 52 percent had acquired that RV from a private party, with the balance making their purchase from a new or used RV or car/truck dealer or the manufacturer. This 52 percent purchasing from a private party would not be represented in the RVIA survey.

FIRST-TIME OWNERS OF RVs COMPARED TO U.S. POPULATION

	First-time Owners of RVs	U.S. Population
Home ownership	92%	65%
Married	92	66
Average age (years)	49.1	31.3
Education		
-High school or less	53	63
-Some college or more	43	35
Average income (in thousands)	$39.8	$22.4

CHART COURTESY OF RECREATION VEHICLE INDUSTRY ASSOCIATION

The somewhat higher average age of the first-time buyer in the RVIA survey (49 years old), combined with this difference in sample composition, suggest that the average age of the used RV buyer who purchases from an RV dealer may be somewhat older than buyers who purchase from a private party.

Not surprisingly, the RVIA study indicates that the average age of the first-time buyer also varies by vehicle type. First purchasers of fold-down campers tend to be the youngest (average age at purchase 39-41) while first-time purchasers of motorhomes tend to be the oldest (52-54 at time of purchase).

The picture which emerges is that the first-time RV buyer is, on the average, between 40 and 49 years old at the time of the purchase. The first-time, used-vehicle purchaser who is buying from a private party may be among the younger first-time RV buyers. And those who first purchase a *used* RV before making their first purchase of a *new* vehicle tend to be older than those who start out with a used vehicle. There also is some evidence to suggest that recent first-time buyers may tend to be somewhat older than those who purchased their first vehicle before 1983.

A few points should be noted here. Although the RVIA study indicates that the average age of the first-time buyer is 49 years old, this is buyer age *at the time of the survey*. The RVIA sample included only buyers who had made their first new- or used-vehicle purchase within the past three years; thus, the average age at the time of the purchase would have been roughly between 47 and 49.

The TL survey asked respondents their age *at the time of their first RV purchase*. Respondents to the TL survey could have purchased their first RV at any time in the past. Only 7 percent of the very first purchases of any RV occurred between 1984 and 1986. Roughly one-quarter (25 percent) of the first purchases occurred between 1980 and 1986, another quarter (27 percent) between 1975 and 1979, and almost another quarter (21 percent) between 1970 and 1974. The remaining first purchases occurred before 1970.

The relatively small percentage of first purchases that would have occurred during the same years as those included in the RVIA study explains some of the difference in the reported average age of first-time buyers in the TL survey.

The combined results of the TL and RVIA studies appear to suggest that the average age of the first-time buyer has become somewhat older during the past few years. However, the influence of including first purchases of *new* vehicles also tends to increase the average found in the RVIA study.

continued

---

* *The median is frequently preferred as a measure of the central tendency of an age distribution because it is less influenced by extreme values. The median age in the TL survey for both first owners and repeat buyers was 39.5 years of age.*

FIRST-TIME BUYERS *continued*

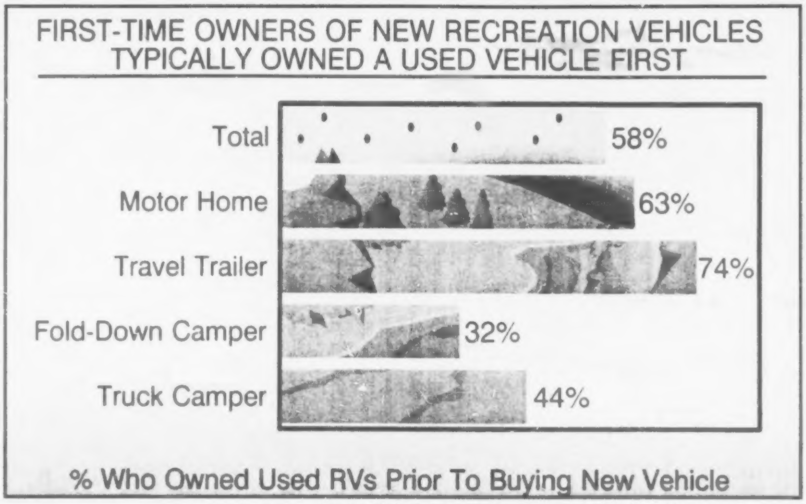


CHART COURTESY OF RECREATION VEHICLE INDUSTRY ASSOCIATION

Marital Status, Family Composition

Both studies indicate that the vast majority—91-92 percent—of all first-time RV owners are married. The RVIA study points out that truck-camper owners are somewhat less likely to be married than owners of other vehicle types.

However, first-timers were much less likely to have children living at home. Almost half (46 percent) of the first-time RV buyers surveyed by RVIA presently live in households of one or two people. For first-time owners in the TL survey, this proportion was 44 percent, while 61 percent of repeat buyers were in one- or two-person households. First-time owners of new or used fold-down campers were more likely than purchasers of other vehicle types to be in households of three or more, while owners of motorhomes were most likely to be in the one- or two-person household.

Respondents to the TL survey were asked if they had children living at home, and if so, what their ages were at the time when the first RV was purchased. About one-third of the respondents did not have children living at home when they purchased their RV, reflecting the older "empty-nest" RV customer. Among the two-thirds who did have children living at home when the first RV was purchased, half had children aged 6 to 12 years old, one-third had children aged 13 to 17, and another 38 percent had children under age 6. (The question allowed for multiple answers to reflect all the children's ages.)

Thus, for these first-time RV buyers, the RV is purchased, at least in part, for recreational and leisure activities that include children.

Home ownership appears to be virtually a prerequisite to RV ownership. The RVIA study reveals that 92 percent of the first-time RV buyers surveyed were home owners, compared to 65 percent of the U.S. population. Similarly, the TL survey found 92 percent of all the respondents owned their own homes, condominiums or manufactured homes, and this proportion was the same for the subset of first-time RV owners.

Thus, monitoring trends in home buying could be revealing of trends likely to be reflected later among first-time RV buyers.

Education, Occupation And Income

Among all respondents to the RVIA and TL surveys, a little more than 50 percent had a high-school education or less. Among first-time buyers of new and used vehicles, the education level was very close to this proportion in the RVIA survey.

However, the TL survey found only 41 percent of the first-time owners reporting a high-school education or less, and almost 30 percent of the first-time buyers responding to the TL survey attended college but did not earn a degree.

While the high school-educated group remains an important one, the 17 percent of new owners with a college degree, and the 12 percent with postgrad-

Now, two reasons to get an Everpure Water Purification System

Send for the FREE Booklet:
"What Every RV Owner Should Know About Water."

1. Highest Quality Water
Only the Everpure System makes it easy for RV owners to reliably kill bacteria & viruses and remove cysts (cause of giardiasis and dysentery). The Everpure System uses U.S. EPA-recommended superchlorination/dechlorination and provides materials to test every tankful.

Our exclusive precoat filter eliminates tastes & odors and particles down to 1 micron. That's up to 5 times more filtering power than most other RV filters.

2. Now Includes All Fittings
Easy do-it-yourself installation. All fittings, tubing and winterizing anti-freeze diverter are included.

For the most complete water purification system that's easy to install, ready to give you the cleanest, safest, best-tasting water on the road, it's got to be

EVERPURE

Contact:
Everpure, Inc.
Westmont, IL
60559

Dist. In Canada:
Danamark,
Rexdale, Ont. M9V 3Y7

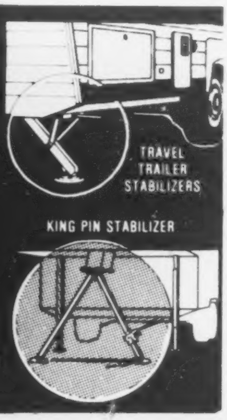
EVERPURE
WATER

Everpure, Circle 15 on Reader Service Card

WHAT MAKES BAL YOUR #1 CHOICE?

BAL IS THE ORIGINAL MANUFACTURER OF TRAVEL TRAILER STABILIZER JACKS.
BAL IS USED AS ORIGINAL EQUIPMENT BY MOST TRAILER MANUFACTURERS.
BAL JACKS ARE WELL CONCEALED AFTER INSTALLATION.
BAL JACKS OPERATE QUICKLY AND EASILY.
BAL JACKS ARE DEPENDABLE AND PRICED COMPETITIVELY.

BAL div. of norco INDUSTRIES, INC.
COMPTON, CALIFORNIA 90220 • PHONE (213) 639-4000 or 636-1176



Bal, Circle 5 on Reader Service Card

FIRST-TIME BUYERS *continued*

uate study, also need to be considered in future marketing.

The slightly higher proportion of first-time owners with more than a high-school education in the TL study would appear to reflect general education patterns in the U.S. population, as well as the trend toward increasing levels of education and, possibly, the impetus of the Vietnam War in encouraging college attendance.

Thus, there is a 50-50 chance that the first-time RV buyer will have no more than a high-school education, but also the same probability that the buyer will have at least some college education.

Education level is particularly important in influencing the amount of reading activity and the types of magazines selected for reading. Similarly, higher education levels need to be considered when developing print advertisements or product brochures. While relatively lower levels of education would tend to reinforce the importance of verbal information—information from friends, neighbors and dealers—higher education levels would tend to make print media advertising just as equally important.

Both surveys found that one-quarter of the first-time buyers were retired. Among those still employed, approximately half were employed in white-collar positions—professional, technical, managerial and sales occupations.

The TL survey examined occupation before retirement and found that, among first-time owners, almost half (48 percent) had been in managerial, professional, technical or self-employed positions. However, among repeat buyers, this percentage was only 37 percent.

The occupational level of the first-time buyer thus appears to reflect the higher education levels.

The RVIA study describes the average first-time buyer as having an income just less than $40,000. (Again, this value is a present-income level; however, no attempt has been made to adjust this to reflect income at the time of the first purchase.)

This average includes buyers of used RVs who may have previously owned a used vehicle. First-time buyers of used RVs were found to have an average income around $35,000. This more closely parallels the median income of $34,000 for first-time owners found in the TL survey.

It would be safe to say that $35,000 is approximately the minimum income threshold for the purchase of an RV and that income is likely to exceed the $40,000 average as the older buyer, experienced with a used vehicle, moves up to a new vehicle. As would be expected, income tends to be higher among first-time buyers of the more expensive motorhomes.

Lower current income among the retired segment tends to depress the income averages while not accounting for the retirees' relatively high proportion of available discretionary income. Consequently, employed first-time buyers would be expected to have incomes higher than the average.

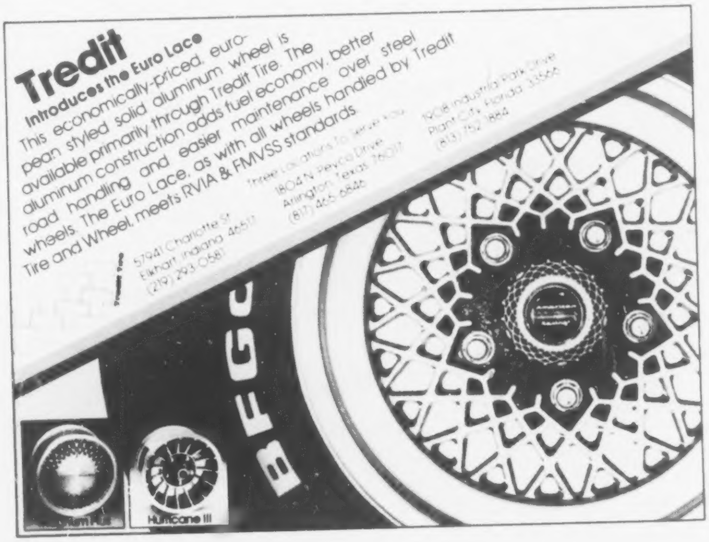
Previous RV Experience And RV Type

Previous RV experience is important for the first-time purchaser of a new RV. As noted earlier, both studies found the first RV purchase was a used vehicle for 65-68 percent of the respondents.

The results of the TL survey indicate a tendency to remain with the initial vehicle type. Respondents were asked what type of RV they would most likely purchase if they were to buy another RV today. Among new owners, 48 percent indicated that they would buy the same type vehicle as that which they presently owned. Among repeat purchasers, the proportion was even higher—54 percent would purchase the same type.

Owners of new vehicles who started with a used RV generally did not upgrade the class of recreational vehicle they owned when they purchased the new vehicle. The RVIA survey found that

continued on page 62


Tredit
Introduces the Euro Lace
This economically-priced, european styled solid aluminum wheel is available primarily through Tredit Tire. The aluminum construction adds fuel economy, better road handling and easier maintenance over steel wheels. The Euro Lace, as with all wheels handled by Tredit Tire and Wheel, meets RVIA & FMVSS standards.

Three Locations To Serve You

57941 Charlotte St.
Elkhart, Indiana 46517
(219) 293-0581

1804 N. Peyco Drive
Arlington, Texas 76017
(817) 465-6846

1908 Industrial Park Drive
Plant City, Florida 33566
(813) 752-1884

Tredit Tire, Circle 46 on Reader Service Card

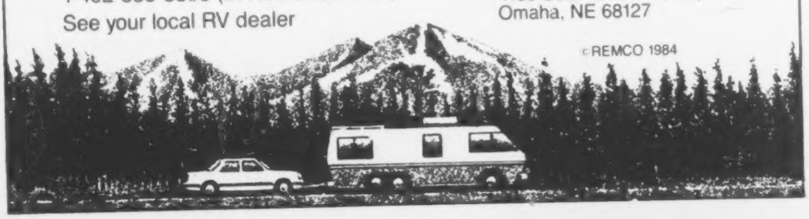
REMCO:
THE TOWING EXPERTS

No matter what you plan to tow behind your RV, whether you have an automatic or stick shift, pickup or van, REMCO has what you need. Now you can tow your automatic front wheel drive with our *LUBE PUMP* or your rear wheel drive automatic with our *DRIVE SHAFT COUPLING*.. REMCO enables you to tow your automatic as you would any stick shift-on all four wheels and without any transmission damage. We also offer a complete line of tow bars, including our new 5000 lb *BRAKING TOW BAR*. The answers to your towing needs are just a toll-free call away.

REMCO — The Towing Experts.
1-800-228-2481 (Except Neb)
1-402-339-3398 (In Neb & Canada)
See your local RV dealer

Remco
4138 South 89th St., Dept R
Omaha, NE 68127

©REMCO 1984



Remco, Circle 41 on Reader Service Card

VAN CONVERSIONS

PHOTO COURTESY OF RVIA

PHOTO COURTESY OF RVIA

Firms seek to segment market and build dealer loyalty

VICKI ELMER

Four years ago, Bivouac Automotive Corporation was content to build basically a one-price van conversion. But in 1986, the Vandalia, Michigan, van-conversion company has brands in three price ranges, and it is considering products for specialized segments of the industry—including fleets, resorts and van pools.

Bivouac, a subsidiary of Bivouac Industries Incorporated, is responding to a drum beat that the entire van industry hears: Segment the market, find a niche and build dealer loyalty. It is a beat pounded out by the industry's growth, maturation and intense competition.

In fact, one of the more striking trends in the RV industry is the growth of the van-conversion market.

So far this year, Recreation Vehicle Industry Association (RVIA) statistics, based on reports from its 180 van-converter members, show that, through August of this year, van converters had already delivered 131,300 vans to dealers, or 13.6 percent more than in the same period in 1985.

And the future looks even better. Morton Marcus, director of the Indiana University's Business Research Center, has forecast in a recent *RV Barometer* special report that van-conversion shipments will total 190,800 in 1986, 193,600 in 1987 and about 230,600 in 1988.

The Marcus forecast also projects that van conversions will account for 49 percent of the RV market in 1986, which can be compared with a van-conversion market share of less than 20 percent in 1976. (The Marcus forecasts are based on both RVIA statistics and economic projections, including a real gross national product growth rate of 3.3 percent in 1987, interest rates that move in a narrow range in 1987 and an inflation rate of just more than 3 percent next year.)

The National Van Conversion Association (NVCA), a trade group with 200 members, also sees a "small increase" over 1986 sales, says Doug Cole, NVCA director of public relations. He says the

PHOTO: PAUL PRIBBLE
VAN COURTESY OF CONTEMPO VANS

VAN CONVERSIONS

continued

van-conversion business has been on the upswing since 1983, and he sees no reason for it to slow down in the year ahead. NVCA estimates that 250,000 vans a year are converted, but it doesn't compile precise statistics.

In fact, because the RV industry is estimated to include up to 2400 van converters, many of whom come and go with the economic tides, it is difficult to obtain any precise statistics measuring the van-conversion market's growth. RVIA statistics are considered to be the most reliable figures available, but, admits William Garpow, RVIA vice president of communications, the numbers have a built-in "fudge factor" for the many smaller companies that aren't RVIA members and don't report sales.

Meanwhile, Starcraft Company, the nation's biggest van converter and a Lear Siegler subsidiary, expects van conversions to run at about the same level next year as they have in 1986, says Cecil Bontreger, senior vice president and general manager of Starcraft's automotive products. Starcraft expects to convert about 10,000 vans this year and the same number next year, although Bontreger says specialty units could add a bit to those totals.

One potential sour note in the van-conversion outlook is the possibility of continued cut-rate financing, offered by all four domestic automakers to clear their 1986 models. Analysts say such discounts are likely to continue if auto sales remain sluggish. Since those rates often only partially apply or are unavailable for converted vans, consumers—lured onto auto dealers' lots by 2.9-percent financing—may turn to a station wagon or large passenger car. Skip Stern, a Paine Webber analyst who follows the RV industry, also cautions that competitive, low-loan rates for van conversions could artificially—and temporarily—inflate van-conversion sales, basically boosting current sales only by robbing from future sales.

However, Stern adds, financial institutions' low-interest rates could provide a significant long-term boost for van sales because, he notes, "people who buy vans also finance them."

Van sales also could be less robust than expected next year if the economy slows down, as some economists are predicting. Yet, Stern points out, van-conversion sales generally are not as sensitive to economic cycles as RVs because most buyers are buying them as a dual-purpose vehicle—for transportation as well as recreation.

NVCA's Cole agrees, noting that "an array of affluent people—households with incomes of $33,000 and up—account for the lion's share of custom van buyers." These well-to-do buyers are less likely to be hit by the economic down-

SURVEYS: A YOUNGER, HIGH-INCOME BUYER

Thanks to van-converter and automaker surveys, a more detailed portrait of the van-conversion buyer is emerging. Of equal importance, surveys indicate clearly that van conversions are considered to be, and used predominantly as, recreational vehicles by their owners, who are among the most satisfied buyers in the automotive and RV industries.

For example, picture this family: a doctor or business executive who is 35-40 years old, with a working wife and 2.8 children. The family income is $50,000 or more a year, and they're on the go a lot—to work, ball games, school activities, travel. The family probably owned a converted van, or perhaps a station wagon, before purchasing their current van conversion. And, they use their brand-new van almost every day.

That hypothetical family represents the typical buyer of National Coach Corporation's Landmark van over the last two years, according to Alan S. Rachmiel, National Coach's general sales manager for its automotive division. The buyer profile comes from a one-page questionnaire that's in each new Landmark van, and nearly 80 percent of buyers return the survey because the company offers a customized plate for the van dashboard if they do, says Rachmiel. The Gardena, California-based van converter has received back more than 4000 surveys in the last two years, he adds.

The buyers surveyed by National Coach had purchased the company's high-end van, which retails for $17,000 to $25,000, depending on options, and Rachmiel notes that most buyers are "much more sophisticated, professional and family-oriented" than they were just five years ago when "surfer vans" and "sin bins" were sold to younger customers.

For example, National Coach's surveys show that 80 percent of its buyers are white-collar workers—attorneys, doctors, professionals, small-business owners, corporate executives—and that 90 percent of them are married. Some 55 percent earn $50,000 or more a year in family income, while another 25 percent earn $35,000 to $50,000 annually.

"I have never seen incomes less than

NVCA'S CERTIFICATION DRIVE SPARKS CONTROVERSY

The National Van Conversion Association's (NVCA) aggressive campaign to promote its certification program so far appears to have sparked more controversy than it has applicants for the Indianapolis-based group's program.

Besides some questionable NVCA claims regarding Federal Trade Commission (FTC) approval of its program, the controversy is being fueled by three Indianapolis van dealers who have sent formal notices to manufacturers refusing to handle vans that do not carry NVCA seals. Specifically, the notices, which went out in late October, state that, effective November 1, 1986, those dealers "will handle and purchase only van conversions from van-conversion manufacturers who have been certified by the National Van Conversion Association."

Doug Cole, NVCA director of public relations and membership services, says the program, which has taken more than two years to finalize, will now be available to all converters, regardless of membership in NVCA. Cole notes that the association is stepping up its efforts to certify manufacturers under the NVCA banner following "Federal Trade Commission approval of the program, and assurances that we comply with all the antitrust guidelines set forth by that agency."

According to Cole, the FTC approval was the final hurdle the association needed to overcome before the program could be launched in earnest. "Now we have a program that addresses the standardization that has been needed in the van-conversion industry for more than a decade," he says. "We have now become the only association with a true certification program for van-conversion manufacturers that meets FTC guidelines."

However, Ronald Rowe, assistant director of the FTC's bureau of competition, takes exception to the association's claim that its program has the approval of that agency. "We do

$15,000," Rachmiel says. About three out of four buyers live in two-wage-earner households. Ninety-two percent of the Landmark buyers who responded said they own their own home, and three-quarters had attended or graduated from college. Van buyers were almost exclusively male, but Rachmiel adds that women van drivers are increasing.

The predominant age group was 35-49, which represented half of all buyers; ages 50-64 accounted for about one-third of buyers. Just five years ago, the younger crowd, ages 21-29, represented a larger share of the market, Rachmiel notes.

A general survey of 1985 buyers by Ford Motor Company supports National Coach's findings. The survey found that the average age of a purchaser of a full-size van "modified for people" was 42. About a third of purchasers had completed college, and 42 percent were either manager/proprietors or in professional/technical occupations. Some 77 percent bought the modified van to replace an existing vehicle, a truck or van in a slightly more than half the cases. Ninety percent of buyers planned to use the van conversion for vacation trips, while half planned to use it for camping/hunting/fishing outings.

However, a more specialized survey

continued on page 38

not approve of anything," he asserts. "Under the commission's rules, we will sometimes issue an opinion letter on whether a proposed act or practice might violate the antitrust laws, but I can assure you that the FTC is not in the business of approving any association certification program."

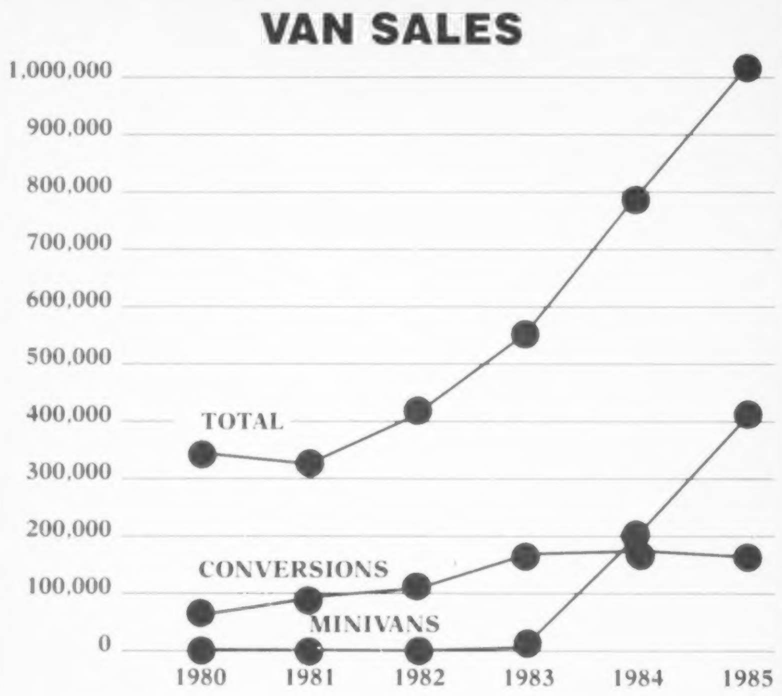
In response to that, NVCA's Cole says, "It is our contention that the FTC did offer approval. They don't endorse any association or its programs, but they will provide approval on specific aspects of a program."

Cole adds that NVCA currently has given full certification to four converters, with certification pending for 15 more manufacturers. Cole estimates that some 100 manufacturers will become certified within the next year.

The certification process takes an average of 60 days, although NVCA is permitting manufacturers to take as long as six months to bring their operations into compliance. Cost of the program is $2700 for the first year, and "about half that amount in succeeding years," Cole says. Once certification is granted, there is a $3 charge for each NVCA seal.

An Indianapolis dealer, Tom Wood

continued on page 41



% CONVERSIONS TO TOTAL:	**1985**	16.3	**1982**	27.1
	1984	21.0	**1981**	30.2
	1983	27.9	**1980**	20.3

Source: Recreation Vehicle Industry Association and Ward's Automotive Reports.

turn that some economists see lurking ahead.

With a generally positive sales outlook, conversion companies are moving ahead in the development of a full range of van lines, often marketed under their own distinct names, much as General Motors markets Chevrolet, Cadillac, Pontiac and Buick lines.

A handful of high-volume van converters are directing their attention to establishing dealer allegiance to their product lines. They point out that the conversion market has been marked by intense competition among a large number of small players, and that auto dealers—the main distributors of van conversions—have taken advantage of that market fragmentation to play one converter against another, forcing them to drop prices to earn sales.

In seeking dealer loyalty, some van companies count on a strategy of expanding their range of prices and products. As Alec Cumming, marketing director for Bivouac, which is aiming for dealer exclusivity, explains, "Dealers shouldn't have to look elsewhere for a van. We can get dealer loyalty if we supply the product to him." Thus, Bivouac introduced the economy-line Tahoe in 1985 to complement its midline Valant and its $22,000-and-up Roamer.

Converters also are concentrating on carving out specialty niches to give them more exclusive appeal. Starcraft's four factories roll out an array of specialty products, for example. Bontreger likes to talk about the "Ducks Unlimited" van, with its camouflage-painted exterior, duck patterns inside and obvious appeal to duck-hunters and duck-collectors. Starcraft also builds "fan vans" for universities with gung-ho supporters and vans tailored for golfers, skiers, fishermen and hunters. NVCA's Cole cites Zimmer Motor Vans' unit that looks like an airplane inside and Crestliner's high-performance "race-van" as further examples of niche-carving.

Some companies are even branching out to customize pickup trucks and four-wheel-drive vehicles, such as Chevrolet's popular Blazer. This sort of conversion work tends to be done by small, innovative companies that may have little interest in van conversions, although some converters—and even some traditonal RV makers—see it as a way to make extra money, says Stern. Special paint, graphics and interiors on downsized pickup trucks are generating much interest, he notes.

Minivans, those popular little brothers to the full-size vans, also are likely to have an impact on the industry's product lineup.

Minivans already have garnered an increasingly large share of overall van marketing. For example, *Ward's Automotive Reports* says 404,200 minivans were sold in 1985, more than double the

VAN CONVERSIONS

continued

1984 levels. Ward's experts have predicted that minivan sales could hit 1 million a year by the early 1990s, which would equal the total number of vans sold last year.

But van converters are going to have to chase the minivan market a little more aggressively than in the past. When Chrysler Corporation kicked off the minivan business in 1983, to be swiftly followed by Ford Motor Company and General Motors Corporation, automakers couldn't keep up with demand—so converters bought their cargo units and dolled them up for retail customers. Now the Big Three automakers are cranking out more than an adequate supply and offer some of the features typically added by converters.

For example, top-of-the-line minivans can be purchased from the factory with power seats, lighted vanity mirrors, plush carpeting and other luxury accessories—often competitively priced in a package deal.

"Detroit's packages available for minivans are at price points we can't match," says Bill Snook, president of Coachmen Van Conversions, a division of Coachmen Industries Incorporated.

Starcraft's Bontreger disagrees, saying he thinks converters can "give them the extras" that won't be added at the factory—such as televisions, VCRs, radar detectors, special paint jobs and better seating.

Finding room in the minivan market may require going even further, however. Says Snook: "Converters need to be more creative, to create a distinguished look" that will set their products apart from the factory-delivered Ford Aerostar or Chevrolet Astro.

Offering extra services—marketing, promotions and warranties that the mom-and-pop shop cannot offer—is another strategy being used by the high-volume van converters to win dealer allegiance.

For example, Bivouac is testing a direct-mail campaign for its dealers in Indianapolis and Dayton, Ohio, as part of its efforts to establish dealer exclusivity. The company is working with Sheffer Advertising, a South Bend firm specializing in direct mail, to target potential buyers by age and income, and will provide its dealers with lists of buyer's names and addresses, says Cumming.

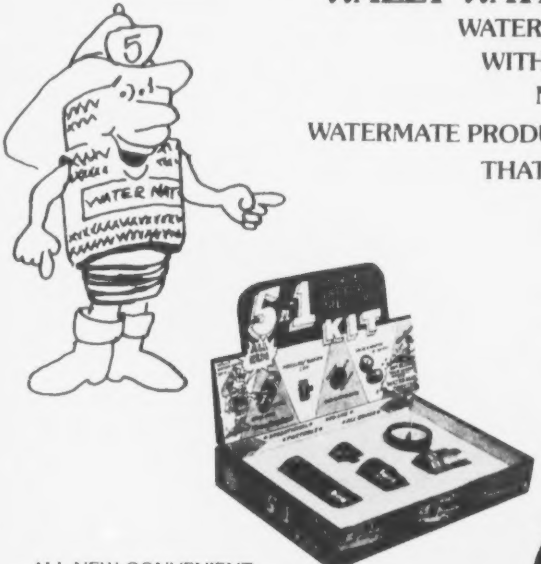
Starcraft is taking a different approach. It offers dealers cooperative retail advertising and also promotes its products in major consumer magazines, such as *Sports Illustrated.* Both companies say they are hoping for the same result: fewer sales based on price and more transactions based on brand awareness and dealer loyalties.

Meanwhile, the question of future consolidation in the industry remains unanswered. On the surface, the van-conversion industry looks especially susceptible to a rash of buyouts and mergers. After all, the business is spread among up to 2400 companies—many of them mom-and-pop operations that sell only to local auto dealers. Even one of the biggest companies, Starcraft, can claim to control only 5 percent of the market.

Yet few in the industry predict any trend toward consolidation, and Stern, the Paine Webber analyst, agrees. He notes that this is in sharp contrast with the ongoing consolidation that he predicts for the rest of the RV industry.

There are several reasons for continued market fragmentation. The foremost reason is the ease with which a van-conversion shop can be established. "If you and I have a couple of garages, we can be a van-converter tomorrow," Stern explains. "There are no costs of entry."

In addition, Bontreger notes, small, local companies reap the advantages of lower freight costs—a significant factor in total price—because they generally service a small area. They also benefit from low overhead and fixed costs, which again is reflected in their low prices, he adds. "It's very tough to compete with

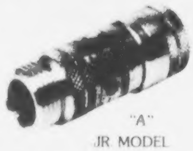


***WALLY WATERMATE* SAY'S** "THE FACTS ARE CLEAR"

WATERMATE® WATER REGULATORS ARE #1
WITH NO SUBSTITUTES AT ANY PRICE.
NOW OFFERING ADDITIONAL
WATERMATE PRODUCTS, ACCESSORIES AND DISPLAY PACKAGING
THAT WILL ENJOY THE SAME SUCCESS.
CHECK THE REASONS:

- ADVERTISED IN Trailer Life (REACHING THE USERS)
- APPEARING IN R.V. BUSINESS (REACHING THE SALES OUTLETS)
- THE SAME QUALITY, PERFORMANCE AND DURABILITY RETAINED (BUILT TO LAST)
- THE NOVELTY WILL GENERATE MORE BUSINESS (YOU PROFIT)
- IMMEDIATE FACTORY SHIPMENT (NO BACK ORDERS)

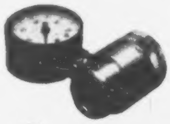
ALL NEW CONVENIENT
GIFT PACK AND OR DISPLAY
HAS ALL THE BASIC R.V.
NEEDS INCLUDES "A" TO "D".
A CHOICE OF "A" CARDED,
"D" & "B" IN TEST "COMBO",
"A" & "D" IN UNIT PACKS.



"A"
JR. MODEL

"B"
ALL NEW PRESSURE BLEED CAP
FOR ANY CAPPING REQUIREMENT
WITH EASY BLEED VALVE FOR
RELEASING TRAPPED PRESSURE

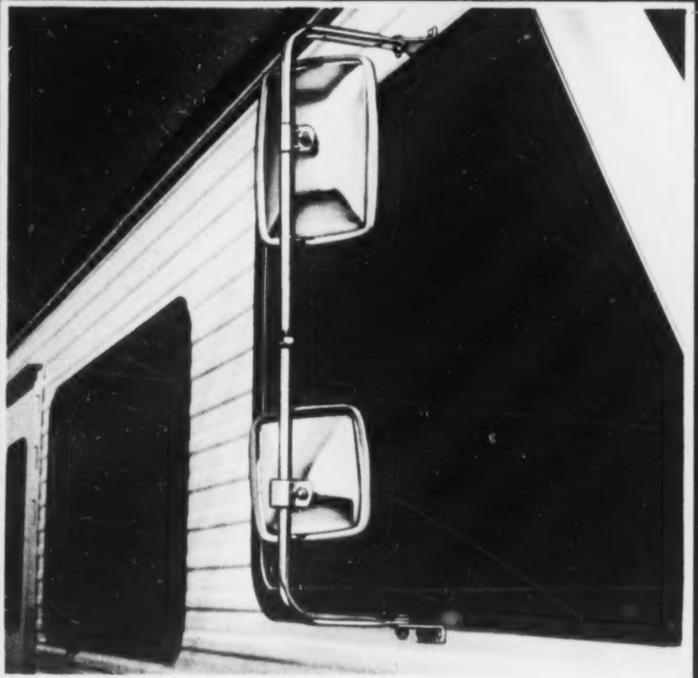
"C"
BACK FLOW
PREVENTOR
KEEP THAT
WATER SOURCE
CLEAN



"D"
GAGE ADAPTOR
FOR TESTING SOURCE
OR REGULATED PRESSURE

Benbow Manufacturing Corporation, 13110 South Figueroa Street,
Los Angeles, CA 90061 Telephone **(213) 770-8574**

WIDE ANGLE MIRROR SYSTEM



Convert your motor coach to Velvac's J72AC wide angle mirror system.

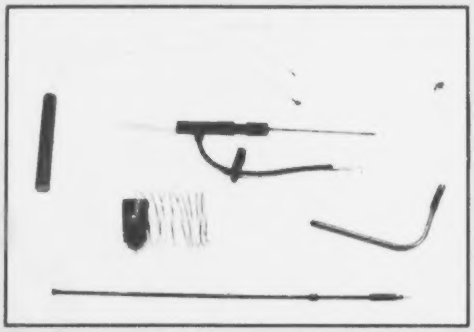
- adaptable to any RV with flat sides
- chrome heads, stainless steel loops
- 6.5" x 10" upper distant view flat mirror
- 6.5" x 6" lower close view
- fits windows 20" to 33" high

Do not accept substitutes

See your dealer or write:

VELVAC Your one source for all mirror needs
2900 South 160th Street New Berlin, WI 53151

Velvac, Circle 48 on Reader Service Card



★ **Absorption Cooling Units Rebuilt**
★ **Heating Elements - Thermostats**
★ **Thermocouples - Etc.**

Price List Catalog upon request

R/V Gas Refrigeration Inc.
485 E. Donegan Ave.
Kissimmee, FL 32743
(305) 846-3511

RV Gas Appliance, Circle 42 on Reader Service Card

VAN CONVERSIONS

continued

that small guy," Bontreger concludes.

Snook of Coachmen Van points to another reason that converters are likely to remain small. "Our advantage (over the big automakers) is our reaction time. If we get big, we tie ourselves in and cannot react as quickly," he says. Snook adds that Coachmen Van has passed up several opportunities to buy smaller van converters, although the company is considering the startup of satellite plants in the Southwest or Northeast.

NVCA's Cole is one industry observer who does foresee a gradual consolidation trend as the larger market players try to establish a national presence. "Bigger companies will buy smaller companies to get two, three or four production facilities," he predicts.

Although industry-leader Starcraft currently has no plans to expand beyond its national, four-plant operation, Bontreger, too, says he sees the opportunity for the development of five or six national van-conversion companies over the next several years. However, he adds, the smaller firms will still stay in the business—at least as long as vans continue to enjoy their current strong sales. Δ

VAN SURVEYS

from page 35

of van-conversion buyers sponsored by Ford's RV/OEM sales division provides better detail of van-conversion use, and makes clear the important niche that vans fill in the RV market.

David Tarrant, manager of Ford's RV/OEM sales division, explains that the specialized survey focuses more clearly on personal-use van conversions by keeping track of vans through van-consignment pools and then tailoring questions to buyers, thus weeding out inappropriate data, such as that for converted service vans, which are included in more general surveys.

The Tarrant survey reveals not only that van conversions are multipurpose vehicles used primarily as recreational vehicles, but that they even appeal to a portion of the traditional RV market.

For example, Tarrant notes that, when buyers were asked what other vehicles they had considered after shopping for a full-size van conversion, 44 percent said that they had looked at other vehicles, and half of those had considered purchase of a traditional RV, such as a motorhome or travel trailer. "The van conversion bridges the gap between people who buy ordinary conveyances and people who buy traditional RVs," concludes Tarrant.

Tarrant adds that, when asked how

WEYERHAEUSER
continued

trees, the subtle way in which her motorhome coaxes the reader's eye into the headline which, in turn, leads right to the text.

Dave Marinaccio's headline is a startling statement that can make a cynical reader wonder: Can some wood products really "stand up better than others?" His body copy does an unequivocal job of backing up the claim, providing useful information that emphasizes user benefits. He talks about solutions to manufacturer's problems instead of self-serving platitudes. Writing in a simple, direct manner, Marinaccio knows you don't need superlatives if you provide the reader with good, solid reasons to be interested in the product.

Few ads are constructed as skillfully as our Ad of the Year, employing as it does a judicious blend of imagination and good judgment. Our congratulations go to the agency for having the good fortune to be retained by a client committed to the value of an open, supportive relationship, and for creating a classic advertisement that is clearly relevant to the market—and a lesson in craftsmanship for the future.

Like a good tree, it grows on you. Δ

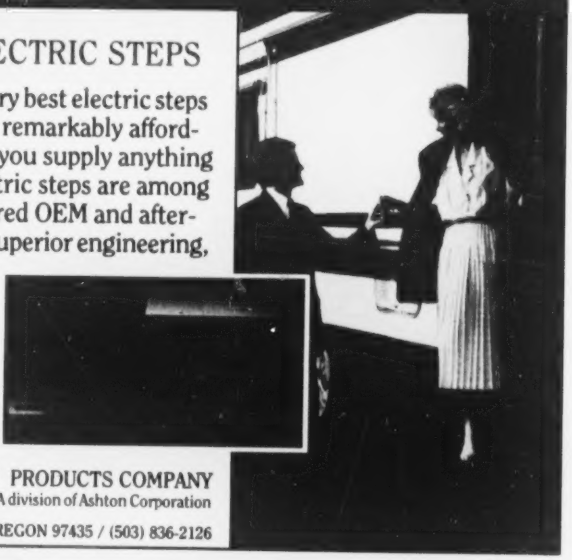
Support your customers in style.

KWIKEE ELECTRIC STEPS

When even the very best electric steps — Kwikee — are remarkably affordable, why should you supply anything less? Kwikee electric steps are among today's most desired OEM and aftermarket options. Superior engineering, function, and durability. They're solid quality . . . and profit for you.

Kwikee PRODUCTS COMPANY
A division of Ashton Corporation
2947 HWY. 38 / DRAIN, OREGON 97435 / (503) 836-2126

Kwikee, Circle 59 on Reader Service Card



PUT UP A GOOD FRONT
Block the Heat
Not the View

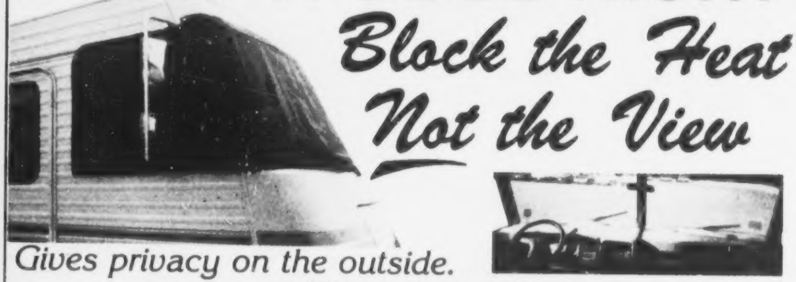
Gives privacy on the outside.
Allows full vision from the inside.

SOLAR WINDSHIELD COVERS
— Class C Models
SOLID VINYL WINDSHIELD COVERS
— Class A's

1-800-423-5828 CA
1-800-826-4467 Outside CA

GOLD COAST RV PRODUCTS
4500 Los Angeles Ave.
Somis, California 93066

Gold Coast, Circle 61 on Reader Service Card



FIRST-TIME BUYERS
from page 30

three-quarters of those who had previously owned a fold-down camper, travel trailer or motorhome purchased the same class of vehicle when they upgraded to a new vehicle. Only the truck-camper group shows a lower percentage (40 percent) continuing with the same class of vehicle, while the remainder of these owners split their subsequent purchases among the other alternative.

Thus, the sale of a used RV to the new buyer has a continuing influence on the type of vehicle likely to be purchased in the future.

Relatively few (11 percent) of the first-time buyers of new vehicles had rented an RV prior to buying. However, first-time owners of motorhomes were significantly more likely than other first-time buyers to have rented prior to purchase, as might be expected given the higher price of the vehicle.

> *The sale of a used RV has a continuing influence on the type of vehicle purchased in the future.*

It cannot be determined from these studies the extent to which the low incidence in rentals reflects limited availability as opposed to a lack of interest in rental possibilities.

The RVIA study also highlighted some differences in demographic characteristics related to the type of RV owned.

Motorhome owners were more likely than other first-time buyers to be retired (35 percent), and those still employed were more likely to be in executive or managerial positions. These RVers were older, had higher incomes and were better educated.

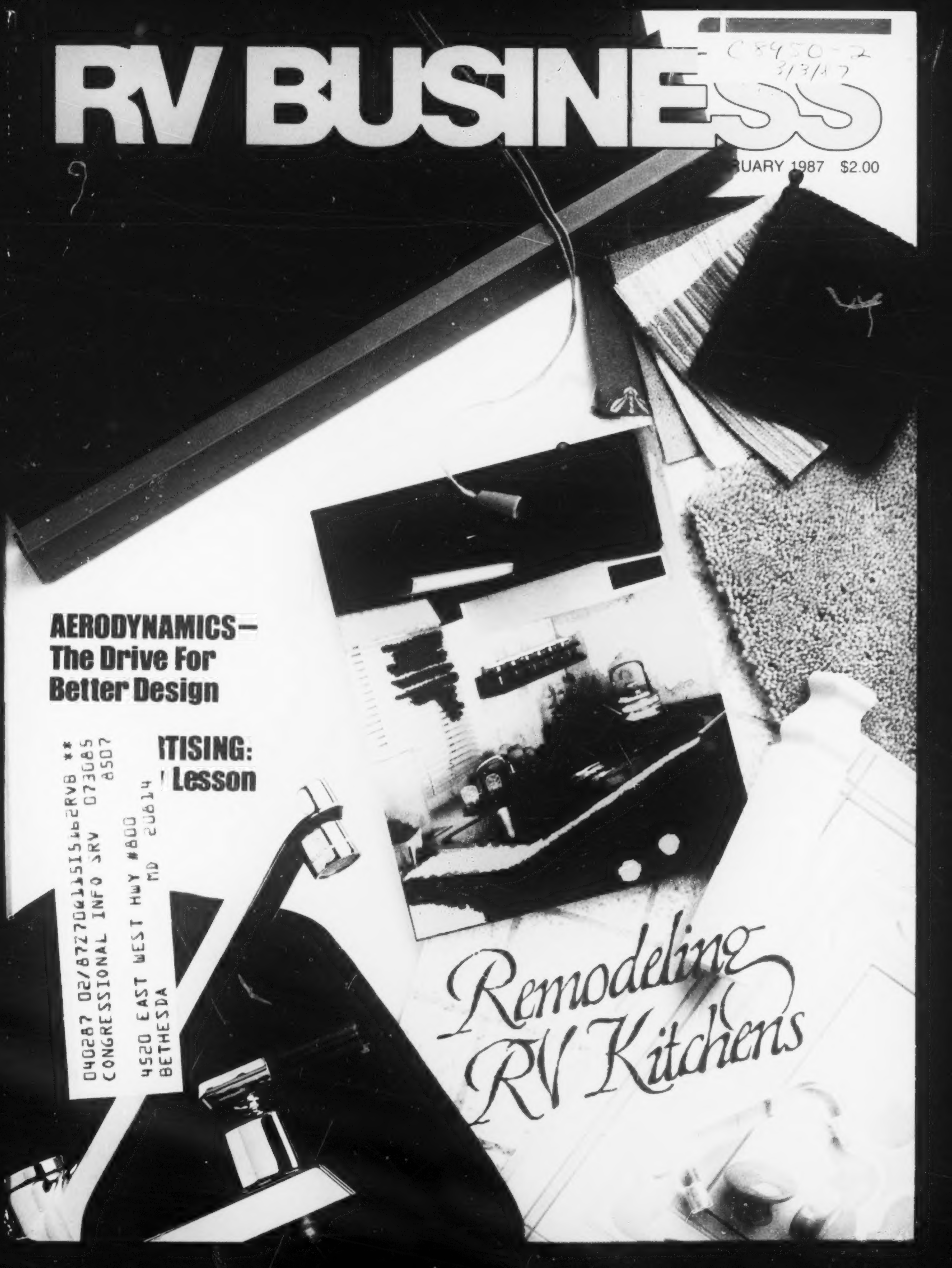
The average travel-trailer owner had the lowest education level and the lowest income. Owners of fold-down campers were the youngest and, related to this age characteristic, were more likely to be employed and more likely to have three or more people in their households.

Truck-camper owners were less likely to be married and were more likely to be in a skilled-craftsman occupation. Δ

RV BUSINESS

C8950-2
3/3/87

RUARY 1987 $2.00



AERODYNAMICS— The Drive For Better Design

TISING: Lesson

040287 02/87270611515162RVB **
CONGRESSIONAL INFO SRV 073085
A507
4520 EAST WEST HWY #800
BETHESDA MD 20814

Remodeling RV Kitchens

RV BUSINESS

CONTENTS

RV KITCHEN REMODELING: HOW DEALERS CAN PROFIT
Dan Goss

A select number of RV dealers have discovered that a remodeling shop costing a few thousand dollars to set up can yield 10 times that amount in service revenue. Dealers discuss the ins and outs of kitchen remodeling.

RV KITCHEN REMODELING: NEW COLORS AND DESIGNS
Colleen J. Fenrich

Kitchen make-overs must take into account changing tastes in colors and designs. Interior designers and RV suppliers provide some advice on achieving an updated look.

AERODYNAMIC STYLING: MANUFACTURER TRENDS
Don Magary

RV manufacturers are trying to find a balance between livability and aerodynamic styling to achieve the benefits of greater fuel efficiency, better handling and reduced noise.

AERODYNAMIC STYLING: THE NEW 'BUZZ' WORDS
Robert C. Honke

New terms have entered the RV engineers' and consumers' lexicons. Here is a brief description of the latest "buzz" words and their RV applications.

RV AD HISTORY
Ben Sussman

From the 1930s to the '80s, this brief retrospective of RV advertising discusses some basic lessons the industry has learned—or still has to learn—about reaching consumers.

MARKETING CONCEPTS
JoBeth Shields

In depressed Houston, an RV service and supply firm's 26-year-old owner remains optimistic—and prosperous—with an aggressive marketing strategy and customer-service approach.

TAX REFORM
Peter M. Davis

The new tax law deeply affects RV dealers and their customers. Some of the key tax changes are highlighted in this article.

LP-GAS DETECTORS
Don Magary

Dealers can provide an extra margin of safety to RV owners with LP-gas leak detectors. New technology is outlined in this product round-up.

SOUTHWEST SUPER SHOW

Plan your visit to the Texas Recreational Vehicle Association's (TRVA) Southwest Super Show XII in Dallas with the floorplans and exhibitor listings provided.

EDITORIAL
John Thompson

LETTERS

MAXWELL
Gaylord Maxwell

OERTLE
V. Lee Oertle

PERSPECTIVE
Gaylord Maxwell

ASSOCIATIONS

SHIPMENTS

AFTERMARKET

INDUSTRY NEWS

PROFITMAKERS

CALENDAR

ON THE COVER: RV dealers are reaping profits by catering to the demand for kitchen remodeling. Two articles explore both the basics of setting up shop and the fine points of design involved in galley make-overs. Photo: Paul Pribble.

Perspective

An analysis of RVB's monthly survey
of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	NOV. 1986	NOV. 1985	% CHANGE	1986	1985	% CHANGE	NOV. 1986	NOV. 1985	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	95	68	+40	1,069	1,173	−9	94	60	+57	1,011	906	+12
TRAVEL TRAILERS	61	60	+ 2	951	904	+5	73	55	+33	872	855	+ 2
TRUCK CAMPERS	13	11	+18	167	172	−3	5	11	−55	108	122	−11
CAMPING TRAILERS	19	16	+19	987	1,062	−7	7	7	same	310	351	−12
FIFTH-WHEELS	7	19	−63	177	194	−9	5	3	+67	74	76	− 3

	FOR MONTH			YEAR-TO-DATE		
	NOV. 1986	NOV. 1985	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$7,478,044	$5,928,487	+26	$91,041,282	$89,191,217	+2
TOTAL UNIT SALES	379	310	+22	5,726	5,815	−2
NEW-UNIT SALES	195	174	+12	3,351	3,505	−4
USED-UNIT SALES	184	136	+35	2,375	2,310	+3

In some respects, November of 1986 was like old times—*good old times*, that is. For some reason, many dealers enjoyed boom times that they hadn't experienced in years.

In terms of dollars taken in, it was the best month so far in 1986 for the Dealer Advisory Board (DAB). Well over half the members shared in the windfall. Some of the figures for the month were remarkable. For example, 37 percent of the board members doubled the previous year's sales dollars, and three tripled sales!

In terms of units sold, the figures for the month were all positive. The total percentage increase in units nearly matched the percentage increase in dollars—22 percent for units, 26 percent for dollars.

No particular size or kind of dealership dominated the scene. Beneficiaries of the bonanza ranged from small businesses to giants.

The good report for November brought the year-to-date figures back into the black for sales volume (up 2 percent), but total units barely stayed in the red (down 2 percent). Well over half the DAB members took in more dollars in the first 11 months of 1986 than they did in the same months of 1985.

Half the DAB members reported good grosses and bottom lines for the month. However, the other half split equally among fair and poor revenues.

About half the DAB members believed their new inventories were high. The reported used stock supply varied, ranging from high to low. Lot traffic was rated low.

MOTORHOMES

Motorhome buyers were more plentiful in November than they have been for a long time for both new and used units. Perhaps the changed sales tax provision in the new tax law had something to do with it. Whatever the cause, more than half the DAB dealers who handle motorized were up for the month. The dramatic increase, however, wasn't enough to tilt the new-unit sales figure into the plus column for the year-to-date. Used sales for both the month and year-to-date were positive. It should be noted that sales of used motorhomes by the DAB exceeded those of new units.

Motorhome profits were generally rated fair to good on new units, and excellent on used.

TRAVEL TRAILERS

An increase of only one new unit for the month isn't much, but it kept this category in the plus column, so both new and used sales for November and for the year-to-date were still ahead of last year. This mild resurgence of travel-trailer sales has been one of this report's most positive aspects for much of '86.

Profits on new units were generally rated good—with a smaller share of fairs and poors reported. Several DAB dealers rated used inventories as too high, although most considered them to be average or even low.

TRUCK CAMPERS

New unit sales were up slightly for the month, while used sales fell off quite a bit. Year-to-date, both categories were still in the minus column by a few units.

Profits on new units were rated excellent.

CAMPING TRAILERS

There was a slight increase in new unit sales for November, but those for the year-to-date were still slightly down. There isn't much activity with this RV type during the winter months.

Profits weren't too bad, however; they ranged from fair to good for most dealers—with a couple of poors.

FIFTH-WHEELS

In terms of percentages, fivers nosedived in November. The drop of 63 percent represented a very weak month for two DAB members.

Profits on new units were generally rated good. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 21 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

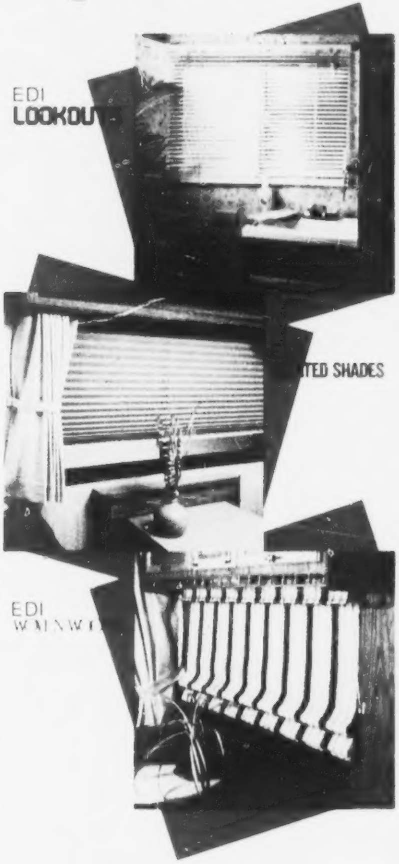
RVIA, NOVEMBER

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during November 1986 was 24,800 units, up 5.5% from November 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Jim Sheldon of Fleetwood Enterprises, Riverside, California.

RV shipments were as follows in Nov. 1986		Nov. 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	2,900	2,600	+11.5%	52,200	52,300	0.2%
PARK MODELS	600	600	0%	7,100	7,000	+1.4%
FIFTH-WHEELS	1,500	1,300	+15.4%	21,400	19,500	+9.7%
TRUCK CAMPERS	500	400	+25.0%	6,900	6,600	+4.5%
MULTI-USE VEHICLES (Van Conversions)	11,200	11,800	5.1%	169,800	151,900	+11.8%
TYPE A: MOTOR-HOMES	2,700	2,400	+12.5%	30,700	31,800	3.5%
TYPE B: VAN CAMPERS	500	400	+25.0%	5,500	6,200	11.3%
TYPE C: MINI MOTOR-HOMES	1,900	1,800	+5.6%	26,200	27,300	4.0%
FOLDING CAMPING TRAILERS	3,000	2,200	+36.4%	33,100	33,500	1.2%
TOTALS	24,800	23,500	+5.5%	352,900	336,100	+5.0%

Open Your Window Options



EDI brings you unequaled choices in RV window fashions. Whatever you need, EDI will work with you to custom-design the right window treatment for your units, while giving the necessary privacy, fire-retardant and insulative qualities.

EDI's quality materials, meticulous design and high manufacturing standards give you window treatments that perfectly combine function and fashion. And you can count on fast service to meet your delivery deadlines every time.

Get the facts on EDI's complete line of window treatments. Call toll-free or write today, and let EDI quality and performance work for you.

EDI

1515 Leininger • P.O. Box 2177 • Elkhart, IN 46515
219/294-5428 • 800/348-7559

1401 East Ball Road • Unit D • Anaheim, CA 92805
714/956-7251

Elkhart Door, Circle 16 on Reader Service Card

WDA THIRD-QUARTER SURVEY RESULTS

Sales of reporting members of the Warehouse Distributors Association (WDA) in the third quarter of 1986 were down 8 percent from the preceding quarter. The median sales level was $963,700 for the 37 reporting firms of this international organization serving the RV aftermarket. Median values indicate that sales of half of the firms were above this amount, with sales of the other half below $963,700.

U.S. firms had a decline of 0.3 percent in sales, but Canadian firms fell by 17.4 percent from the second to the third quarter of '86. (See *Figure 1*.)

Figure 1

Median Sales of WDA Members (in thousands of dollars)
First three quarters of 1986

	1st	2nd	3rd
All firms	$582	$1,050	$ 964
U.S. firms	582	938	935
Canadian firms	864	1,601	1,322

The average number of days of receivables outstanding rose from 28 days in the second quarter to more than 32 days in the third quarter. Large firms, those with $1.5 million in sales for the quarter, tended to have longer receivable periods. (See *Figure 2*.) During the period, small firms cut the average time for which receivables remained outstanding, while medium and large firms saw increases in the length of time receivables were on the books.

The median percentage of receivables outstanding for 60 days or more was 12.8 percent for all firms. The tendency that was evident with respect to sales volume could be seen here as well. Larger firms tended to have a higher percentage of receivables outstanding 60 days or more. (See *Figure 3*.)

A new feature of the report, which is sent to participating WDA members each quarter, is the ratio of the high-month sales in the quarter to the low-month sales. This is a simple measure of the variability of sales for firms. If the value is 1.0, then the high- and low-month sales are the same. If the ratio, however, is 3.0, then the firm's highest month's sales were three times as great as its lowest month's sales. The highest ratio for any firm was 2.3, with the lowest being 1.1. There was no trend associated with the size of firms, but Canadian firms showed much more variability (1.9) than did U.S. firms (1.4). (See *Figure 4*.)

In the third quarter, 37 WDA participating members filed their reports in time to be included in these statistics. There were 31 U.S. firms and 6 Canadian firms involved in this effort. Additionally, late reports will be tabulated into the third-quarter figures when the final report for 1986 is available.

Each participating WDA member receives a report for the entire industry and a confidential personalized report for that firm alone. The reports are prepared by the Indiana Business Research Center of the Indiana University School of Business. Increased participation by WDA members is sought to make the data gathered of even greater use in analyzing trends in the industry. ▲

Figure 2

Average Days for Receivables
Median values for reporting firms

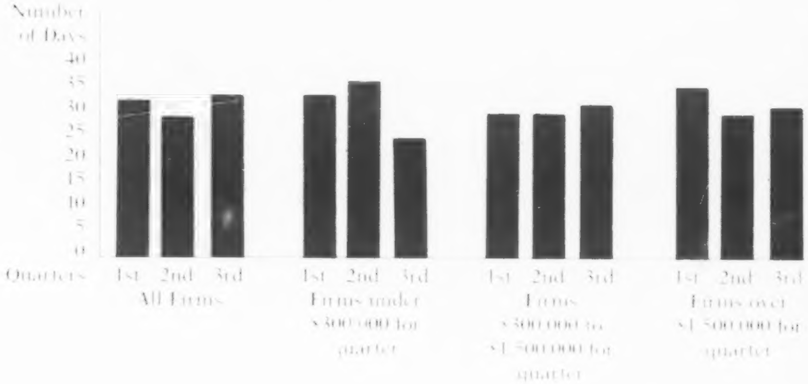


Figure 3

Percent of Receivables Outstanding 60 Days or More
Median values for reporting firms

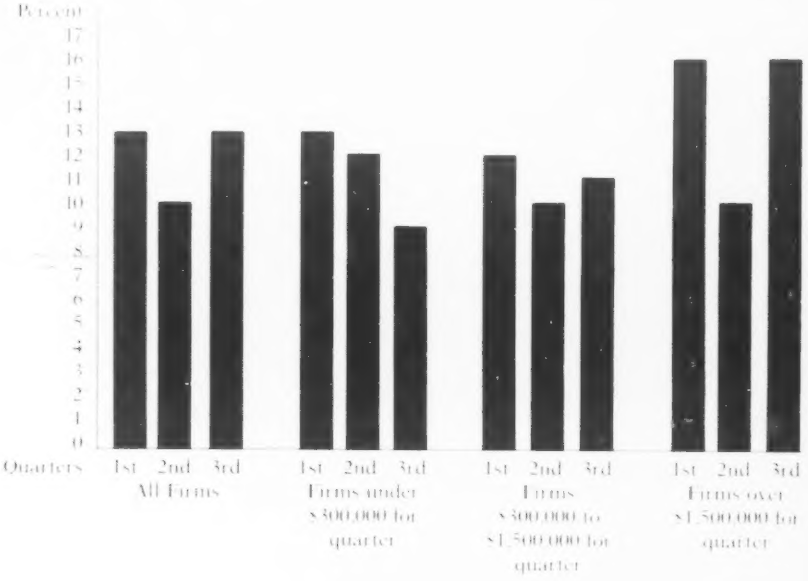
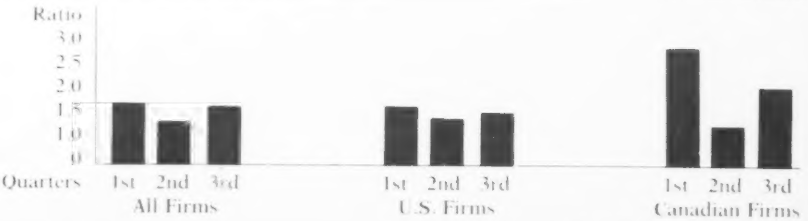


Figure 4

Median Ratios of High- to Low-Month's Sales
First three quarters of 1986



Monsanto, Circle 39 on Reader Service Card →

C8950-2
3/24/87

RV BUSINESS
MA
Awnings, Chairs, Covers....
DISPLAYING 'CANVAS' PRODUCTS
RVs For The Handicapped: Is There A Market?
The Low-Price Trailer Boom

More news... more often!

Beginning in April, V BUSINESS will ublish twice a month n a new hard-news format.

The first editorial pages of every issue will be patterned after our acclaimed newsletter, RV Barometer, formerly available by special subscription only. Printed the day before binding, these pages will provide you with the latest breaking news and trends of the RV industry.

Don't miss the new **RV BUSINESS**. Two news-packed issues every month.

More news more often. It looks like this...

RV BUSINESS

CONTENTS

FEATURES

[illegible] **'CANVAS' PRODUCTS ON DISPLAY**
William Bremman

Awnings, chairs, enclosures, etc. can be moneymakers for dealers—if they are properly merchandised. This article provides some tips on retail store display techniques for these "canvas" products.

[illegible] **RVS FOR THE HANDICAPPED**
Ron Gillette

Is there a market for RVs for the handicapped? Manufacturers and suppliers agree that the potential for profit is there, but that there are some challenges to serving the handicapped RVer.

[illegible] **WOOING LOW-PRICE TRAVEL TRAILER BUYERS**
Robert Longsdorf Jr.

1986 saw a towable sales surge, led by low-end units. Many manufacturers are jumping on the bandwagon with new low-price travel trailer lines. Some of these industry players discuss the direction and long-term effect of the low-end trailer trend.

[illegible] **MARKETING CONCEPTS: SHIPP'S RV CENTER**
Jim Norland

Mel Shipp's Tennessee dealership includes a large campground. He shares some of his strategy for using campsites to generate extra sales, service and customer goodwill.

[illegible] **MARKETING CONCEPTS: PILL THOMAS CAMPER SALES**
Vicki Elmer

1979 Dealer of the Year Bill Thomas uses a "spring special" service promotion to heat up the cool sales climate in February and March.

61 **SERVICE: GASKETS**
Matthew J. Fleming III

Matt Fleming, NAPA/ASE Technician of the Year, discusses how selecting the proper gasket can be crucial to RV-engine performance and longevity.

[illegible] **FINANCE: TAX REFORM, PART II**
Robert Feinschreiber and Margaret Kent

Tax reform will have some adverse effects on RV dealers—from eliminating deductions for capital investment to discouraging supplier credit. This second article on the new tax law provides an additional analysis.

70 **LEGAL: FIRING WORKERS**
Fred S. Steingold

Recent court decisions have placed new limits on employers' rights to fire employees. Employers should review their policies to avoid costly employee suits.

ON THE COVER: Awnings, chairs, tire covers and other "canvas" products can produce exciting, profitable retail display opportunities. Photo: Kenna Love

DEPARTMENTS

3 **EDITORIAL**
John Thompson

5 **LETTERS**

10 **MAXWELL**
Gaylord Maxwell

[illegible] **OERTLE**
V. Lee Oertle

16 **PERSPECTIVE**

17 **ASSOCIATIONS**

[illegible] **SHIPMENTS**

[illegible] **INDUSTRY NEWS**

[illegible] **ADVERTISERS INDEX**

[illegible] **PROFITMAKERS**

[illegible] **NEW LITERATURE**

[illegible] **CLASSIFIED ADVERTISING**

[illegible] **CALENDAR**

Perspective

An analysis of RVB's monthly survey of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	DEC 1986	DEC 1985	% CHANGE	1986	1985	% CHANGE	DEC 1986	DEC 1985	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	108	60	+ 80	1,117	1,227	−9	69	49	+ 41	1,072	955	+ 12
TRAVEL TRAILERS	63	49	+ 29	931	893	+ 4	50	43	+ 16	875	850	+ 3
TRUCK CAMPERS	19	13	+ 46	192	185	+ 4	6	3	+ 100	104	128	− 19
CAMPING TRAILERS	12	8	+ 50	860	936	− 8	4	3	+ 33	244	277	− 12
FIFTH-WHEELS	21	7	+ 200	191	190	+ 1	3	3	same	67	68	− 1

	FOR MONTH			YEAR-TO-DATE		
	DEC. 1986	DEC. 1985	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$7,862,015	$4,785,806	+ 64	$96,839,778	$91,728,520	+ 6
TOTAL UNIT SALES	355	238	+ 49	5,653	5,709	− 1
NEW-UNIT SALES	223	137	+ 63	3,291	3,431	− 4
USED-UNIT SALES	132	101	+ 31	2,362	2,278	+ 4

Santa Claus really visited RV dealers in December 1986. Business was fantastic. Unit sales were 49 percent higher than those of the previous December and sales volume was up a whopping 64 percent. In all categories—new and used—there were no minuses in our Dealer Advisory Board (DAB) averages.

Of course, we all know that Santa was really a disguise for the changes in the tax law. Dealers are always looking for something to get the fence straddlers to jump, and tax reform did it. The prospect of adding several thousands of dollars to one's list of deductions obviously did the trick.

Although all five RV types included in this report showed increases for the month, the big stuff was dominant. Motorhomes were most in demand, followed by travel trailers. Big dealers showed the largest dollar increases, but, in terms of percentages, medium size dealers did even better. Only four members of the DAB failed to do as well as they did in the previous year.

Not only were December sales great, so were profits. In fact, with the exception of camping trailers, no DAB member rated profits as poor for the month in any new-unit category.

The enormous increase in December sales pushed the year-to-date sales-volume figure into the plus column, but year-to-date unit sales didn't quite make it. However, after a somewhat sluggish year generally, the bang-up finish of 1986 was very good news.

Now the question is: Were December sales stolen from first quarter '87 sales? Time will tell.

MOTORHOMES

Most motorhome dealers on the DAB had a great month. Big or little, it didn't make much difference; every dealer got a proportionate share. New unit sales increases of 100-150 percent more than the sales of December 1985 were common. Used units didn't move quite as well, but a 41 percent increase was impressive.

Year-to-date figures for 1986 new units didn't quite equal those of 1985 for the DAB, but used sales were slightly ahead.

Profits were rated as fair to good with one excellent rating.

TRAVEL TRAILERS

Although the December increase for trailer sales didn't match that of motorhomes, the DAB trailer dealers finished up both the month and the year ahead of '85. In fact, travel trailers were the only RV type to end up with all plusses in both the new and used categories.

Profit ratings ranged from fair to excellent, with a majority of the DAB describing profits as good.

TRUCK CAMPERS

Truck camper dealers shared in the general prosperity in December. The actual unit sales figures were small, but the percentages were excellent.

Year-to-date sales of new campers managed to stay slightly ahead of 1985. That's a good sign for an RV type that is often ignored by dealers.

Profits were rated as excellent.

CAMPING TRAILERS

December is always the camping trailer dealer's low month. 1986 was no exception. Sales were few. Year-to-date figures for the DAB showed this type down slightly from '85.

FIFTH-WHEELS

Thanks to one dealer whose sales leaped from two units last December to 12 in 1986, the percentage increase for the month was enormous. For the year-to-date, however, only one unit separated 1985 from 1986.

Profits ratings ranged from fair to excellent. ∆

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 21 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

SEA BREEZE

Built for comfort.
Built to last.

Easily towed by compact cars, yet it sleeps 6 adults comfortably. Features stove, ice box, sink and dinette.

Constructed for rental applications
Total Weight: 1100 lbs.
Tire Size: 13"

SMALLWOOD TRAILER, MFG. INC.
Rt. 4, Carthage, MO 64836
417-358-6218

Smallwood, Circle 49 on Reader Service Card

Folding **PORTA-BOTE**®

Every RV'er Is A Boater!

FOLDS TO 4" FLAT!

8'—10'—12' Lengths

Ends Towing Forever — From 49 lbs.
PUNCTURE PROOF!
Indestructible Polypropylene
NEVER NEEDS PAINTING!
Over 15 Years in Production
Time-Proven Patented Safety Hinge
10-YEAR HULL WARRANTY!
Sells on Sight!
Sets up in 2 min., For The Good Times!
- Dealer Inquiries Invited -

PORTA-BOTE INTERNATIONAL
1074 Independence Ave., Dept. RVB3
Mountain View, CA 94043
(800) 227-8882 • In CA (800) 624-8428

Shipments

RVIA, DECEMBER

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during December 1986 was 26,600 units, up 15.6% from December 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Jim Sheldon of Fleetwood Enterprises Incorporated, Riverside, California.

RV shipments were as follows in Dec. 1986		Dec 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	2,900	2,400	+ 20.8%	55,100	54,700	+ 0.7%
PARK MODELS	700	500	+ 40.0%	7,800	7,500	+ 4.0%
FIFTH-WHEELS	1,700	1,200	+ 41.7%	23,100	20,700	+ 11.6%
TRUCK CAMPERS	500	300	+ 66.7%	7,400	6,900	+ 7.3%
MULTI-USE VEHICLES (Van Conversions)	12,100	12,900	6.2%	181,900	164,800	+ 10.4%
TYPE A: MOTOR-HOMES	2,600	1,800	+ 44.4%	33,300	33,600	0.9%
TYPE B: VAN CAMPERS	700	500	+ 40.0%	6,200	6,700	7.5%
TYPE C: MINI MOTOR-HOMES	2,000	1,100	+ 81.8%	28,200	28,400	0.7%
FOLDING CAMPING TRAILERS	3,400	2,400	+ 41.7%	36,500	35,900	+ 1.7%
TOTALS	26,600	23,100	+ 15.6%	379,500	359,200	+ 5.7%

Porta-Bote, Circle 45 on Reader Service Card

Monsanto, Circle 38 on Reader Service Card→

C8950-2
4/13/87

SALES CONTRACTS: PRO AND CON 16

SECRETS OF SUCCESSFUL NEW DEALERS 32

SEXUAL HARASSMENT SUITS 50

RV BUSINESS APR/10 1987

Micro Firms React to Recall Request

The National Highway Traffic Safety Administration (NHTSA) says it is "not happy" with the reactions of micro-minimotorhome manufacturers to a recent NHTSA letter requesting a voluntary micro recall to correct problems of chassis-overloading.

In a letter to some 20 micro manufacturers, Philip W. Davis, director of the Office of Defects Investigation and Enforcement for NHTSA, had said that, after gathering data from "200 industry-wide reports of overload-related complaints and failures," he was giving manufacturers the option of implementing a voluntary recall to correct any safety-related defects, or of explaining to NHTSA why a recall is not necessary. He also warned that, should a manufacturer determine a recall was unnecessary, NHTSA retained the right to open a "formal defect investigation," which could lead to an involuntary recall of the units in question.

"So far we've received a variety of responses to the initial letter, but none of them have been very encouraging," said a NHTSA spokesman. "Most of them have taken the approach of 'Why pick on me, it's the other guy.' Other responses

continued on page 9

AIR CONDITIONING
SERVICE TIPS AND BUYERS GUIDE

(See pages 42 and 46)

AL[illegible]bandons Winnebago As Sole Supplier

American Land Cruisers (ALC), Miami, one of the nation's largest rental fleet operators and the nation's largest wholesale dealer of Winnebago motorhomes, has recently switch supplier allegiance in its 1987 rental-fleet motorhome purchases, ending a 14-year tradition of buying exclusively from Winnebago Industries Inc. ALC announced that it will purchase 500 Class A and Class C units from Coachmen Industries Inc., 200 from Fleetwood Enterprises Inc., and a smaller but undetermined number from Winnebago in '87.

"There are no hard feelings between Winnebago and ALC," said Robert Smalley Sr., ALC president. "Each year for the past several years, we have shown a 20% increase in the number of rental motorhomes we use. ALC is a large company, and we needed to expand for variety."

Smalley said that ALC will

continued on page 5

APRIL 10, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 1

TABLE OF CONTENTS

RV BAROMETER

RV-Interest Deduction Attacked 5

50-State Chassis Postponed 6

RVIA Picks Louisville in '88 7

Quarterly Forecast 10
'87 and '88 look good for the RV industry

DAB Perspective 12
Dealers report downturn in January sales

Blue Chip Consensus 15
Economic growth should creep upward in '87

FEATURES

Sales Contracts 16
Written contracts offer advantages that a "handshake" can't

Successful Newcomers 32
New dealers discuss the keys to their impressive sales growth

Diagnosing Air Conditioning Problems 42
How to improve service results

Air Conditioning Buyers Guide 46
A listing of the latest air conditioning products available

DEPARTMENTS

Legal 50
Some advice for employers on avoiding sexual harassment suits

Finance 56
Understanding what lenders need can reduce "problem loans"

Calendar 60

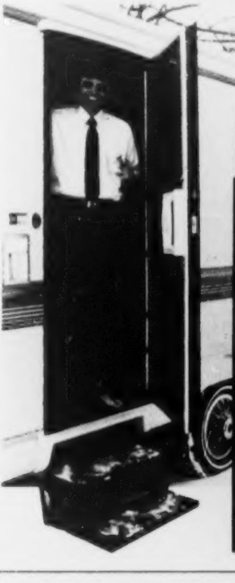
In Brief 60
Brief news items covering RV companies and associations

RV People 64
Promotions and awards, also featured, Jerry Bauder of Nu-Wa Industries Inc

Profitmakers 67

Readers' Forum 68

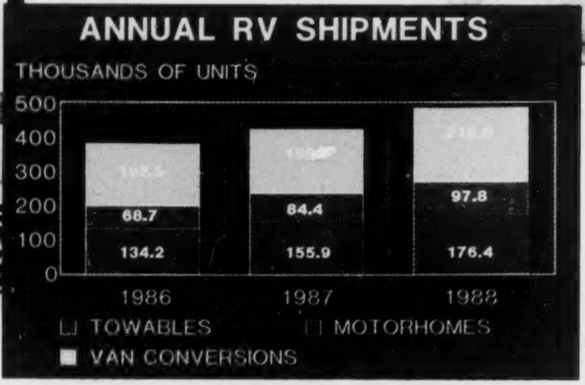
Commentary 70



64

1 USA
SIERRA
R.V.

32



10

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 30 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; a directory is printed annually in March. Subscription rates: U.S. and Canada: $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory*, *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's RV Campground & Services Directory* and *Hi Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

GOOD TIMES AHEAD FOR RV INDUSTRY

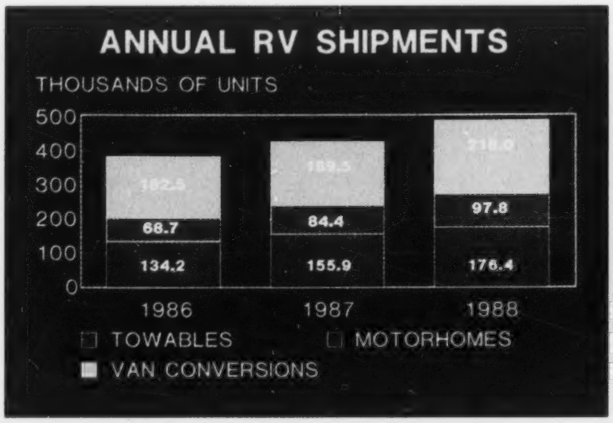
MORTON MARCUS

If you liked 1986, you'll love 1987. There are no big surprises in the economic forecast for the nation. Continued sluggish growth is in store for the United States in 1987, with a pickup developing in 1988.

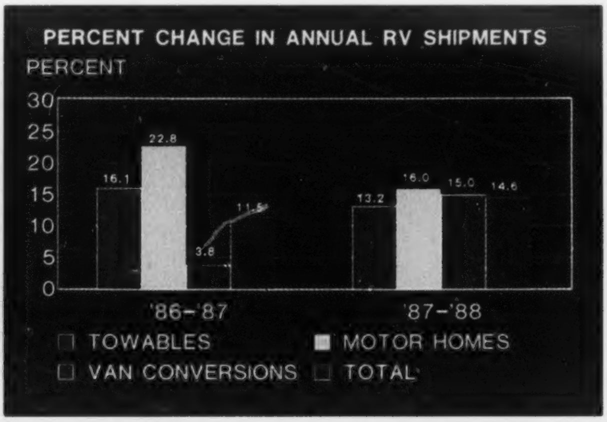
The federal government's path for both monetary and fiscal policy is likely to be one of restraint. Business progress will depend on the continuation of strong consumer spending. Nonresidential investment is forecast to remain stagnant. And, although exports will expand with a lower dollar, the same can be said for imports—leaving the trade deficit where it is now.

But the RV industry does not mirror the national economy, and after a somewhat slow start in the first quarter of 1987, the industry should do very well in 1987 and 1988.

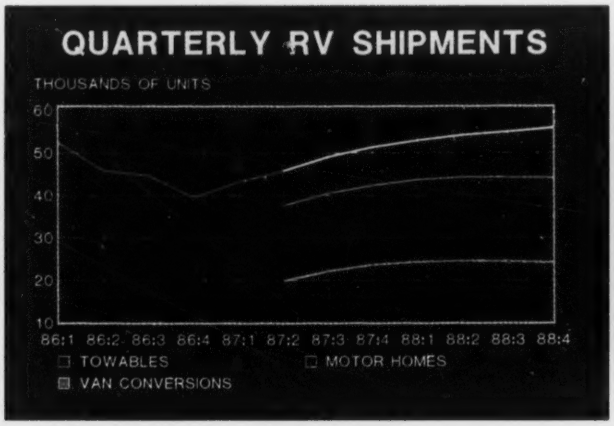
That is the forecast developed by the Indiana University School of Business. The national forecast was prepared under the direction of R. Jeffrey Green; the RV forecast was developed by Charles Hageboeck; graphics and text specifically prepared for *RV Business* are the work of Morton J. Marcus, director of the Indiana Business Research Center, a regular contributor.



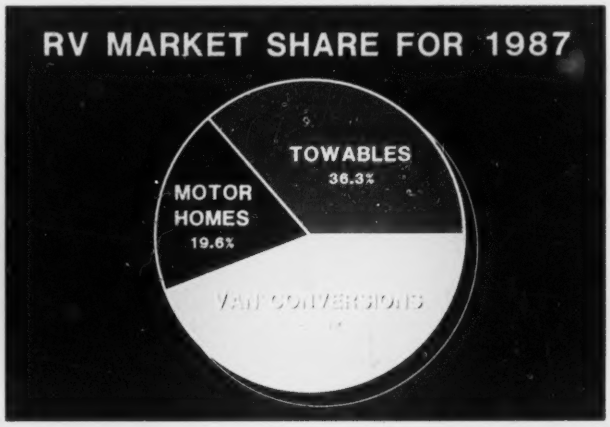
This year and next both look better for the RV industry. Total shipments are expected to rise from 385,000 in 1986 to 430,000 in 1987, and, with good economic fortune, move to more than 490,000 units in 1988. Nearly half of the increase of 44,000 units in 1987 is to be found among towable models.



The growth rate for the industry is forecast at 11.5%, with motorhomes gaining a very strong 22.8% over 1986. Van conversions, after years of strong gains, are expected to post a modest 3.8% increase. In 1988, the industry should pick up 14.6% in unit shipments, with all three sectors growing by more than 13%.



After successively declining quarters in 1986, van conversions are expected to rise steadily in 1987 and 1988. Towables are predicted to show a slight drop in early 1987, but a pattern of advances are forecast for 1987 and are followed by a leveling in 1988. Motorhomes show a similar pattern of growth in 1987, with a fairly flat performance in 1988.



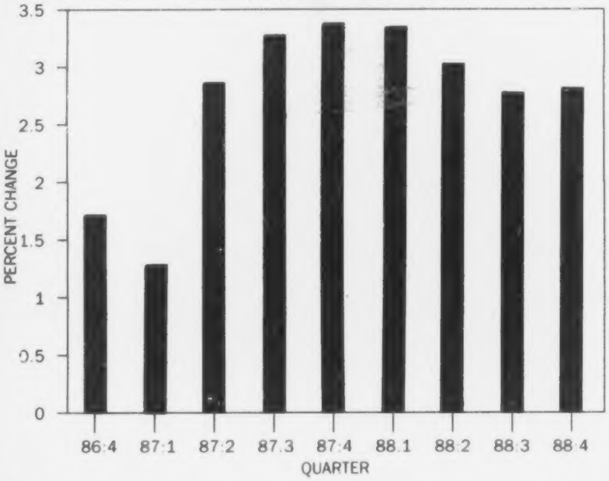
After steadily increasing their market share, van conversions are not forecast to grow as fast as the rest of the RV market in the next year. Hence in 1987, they will have a market share of 44%, down from 47% in 1986. Towables and motorhomes are expected to divide gains in market share about evenly.

GRAPHICS: CUSTOM COLOR VISUALS

QUARTERLY FORECAST

GROWTH IN REAL GNP

(Seasonally adjusted annual rates)



Real growth will continue in the U.S. economy in both 1987 and 1988. The low point seems to be the first quarter of 1987, with steadily increasing growth rates as the year progresses, approaching 3.5% by the fourth quarter. Then in 1988, the rate of increase will once again fall off, dropping toward a sluggish 2.5%, which was the 1986 annual rate of increase in real GNP.

GROWTH BY SECTOR

(Percent changes; seasonally adjusted annual rates)

	Personal-Consumption Expenditures	Nonresidential Investment	Residential Investment	Government Purchases of Goods & Services
1986	4.05%	–1.39%	9.38%	3.71%
1987	2.82	–3.05	0.89	2.72
1988	3.47	0.26	1.03	2.21

Residential investment, which was a major source of economic strength in 1986, will be just about flat in 1987. Business investment in plant and equipment will continue to decline, with a slight upturn anticipated in 1988. Government spending on goods and services will grow at ever slower rates. Only personal-consumption expenditures by households advance with any strength, and those are moderate gains.

FOREIGN TRADE

(Seasonally adjusted annual rates)

	Exports (billions of dollars)*	Imports (billions of dollars)*	Net Exports (billions of dollars)*
1986	371.40	–521.00	–149.70
1987	411.80	–559.20	–147.40
1988	442.10	–587.70	–145.60

Exports will continue to advance in 1987 and 1988. But, at the same time, imports will grow so that the trade deficit remains about even. The declining dollar helps, but not enough to offset aggressive marketing and vigorous price competition from abroad. Between 1986 and 1988, the trade deficit is thus forecast to decline a scant $4 billion or just 2.7%.

*1982 dollars; adjusted for inflation

FEDERAL SURPLUS (DEFICIT)

(Seasonally adjusted annual rates)

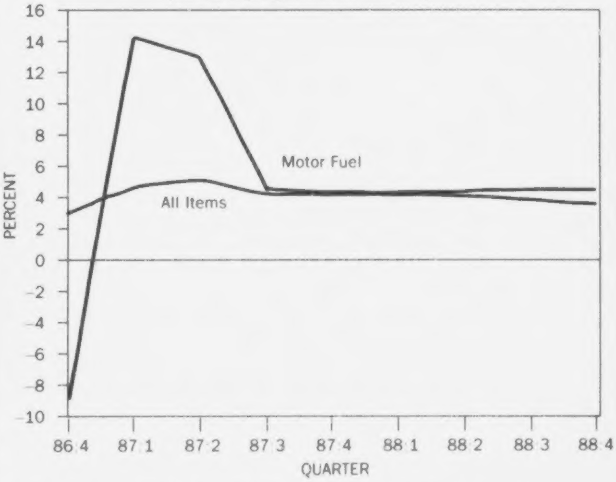
Calendar Year	Federal Deficit (billions of dollars)*
1986	–203.30
1987	–190.80
1988	–189.80

The improvements in the federal deficit will be slight and nowhere near the magnitudes promised by Washington political rhetoric. Congress will have to find new accounting methods or some relaxation in the Gramm-Rudman law to make reality agree with its announced objectives.

*1982 dollars; adjusted for inflation

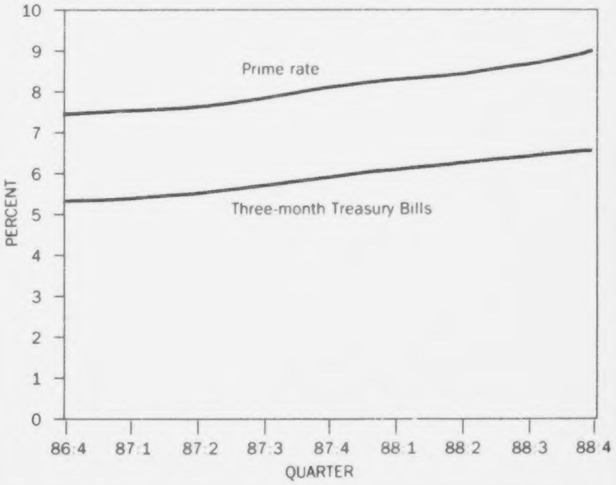
PERCENT CHANGE IN CONSUMER PRICES

(Seasonally adjusted annual rates)



By the summer of 1987, the big increases in motor fuel prices should be behind us. From then on, through the end of 1988, the increases in motor fuel prices should be only somewhat higher than the general increase in consumer prices. For 1987, the Consumer Price Index (CPI) is expected to rise by 3.6%, with a 1988 rate of 4.1%.

INTEREST RATES



Interest rates are on the rise, but the increases are expected to be very moderate. From the end of 1986 to the end of 1988, the three-month Treasury-Bill rate is expected to rise by only 1.2 percentage points. The prime rate charged by major banks will rise with a slightly more restrictive monetary policy by 1.5% points, to close 1988 at 9%.

AUTO SALES

(Millions of units; seasonally adjusted data)

	Domestic	Imports
1986	8.39	3.25
1987	5.67	3.43
1988	6.17	3.36

Domestic auto manufacturers will see sales declines in 1987 and only a modest recovery in 1988. After selling 11.6 million new cars in 1986, the total market will fall to 9.1 million units in 1987 and then rise to only 9.5 million in 1988. The import market share will rise again, from 28% in 1986 to more than 35% by 1988. Δ

DAB PERSPECTIVE

	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JAN. 1987	JAN. 1986	% CHANGE	1987	1986	% CHANGE	JAN. 1987	JAN. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	51	76	− 33	51	76	− 33	56	52	+ 8	56	52	+ 8
TRAVEL TRAILERS	49	59	− 17	49	59	− 17	37	45	− 18	37	45	− 18
TRUCK CAMPERS	21	17	+ 24	21	17	+ 24	5	3	+ 40	5	3	+ 40
CAMPING TRAILERS	91	80	+ 14	91	80	+ 14	7	11	− 36	7	11	− 36
FIFTH-WHEELS	14	6	+133	14	6	+133	7	3	+133	7	3	+133

	JAN. 1987	JAN. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$5,103,119	$5,656,912	−10	$5,103,119	$5,656,912	−10
TOTAL UNIT SALES	338	352	− 4	338	352	− 4
NEW-UNIT SALES	226	238	− 5	226	238	− 5
USED-UNIT SALES	112	114	− 2	112	114	− 2

JANUARY SALES POST SLIGHT DIP

GAYLORD MAXWELL

There was some fear in December 1986 that booming sales for that month meant fewer sales in January. That fear was justified. A downturn, not a severe one, but a definite drop, shows up in the January reports of members of *RV Business'* Dealer Advisory Board (DAB).

Both dollar and unit sales (new and used) were down from the previous January. Hopefully, it will be a short-lived hangover from the sales binge brought on by a desire to take advantage of sales-tax deductions eliminated by the tax reform.

New motorhome and travel-trailer sales in January slipped most, compared to last year. The other three RV categories showed increases. Used sales were up in three categories, and down in two.

January's gross profits were generally rated as fair to good on new units and good on used, but there was a definite downward slide in the latter. Accessory profits were lower than usual. Overall gross profits were rated fair; net profit ratings were definitely on the poor side.

New-unit inventories were a bit on the high side for the month. Used-unit inventory varied, with reports evenly split between low and high. Lot traffic was rated average to low. The number of new buyers appeared to be about average.

Overall, in spite of the slight downturn, January was a good month for dealers. The 64% sales-volume increase in December could have meant a much larger than 10% decrease in January. Chances are, February will see a return to normality.

Considering what the sales picture might have been in January, it was actually a good start, and we conclude that we are in for a good year.

Motorhomes

New-motorhome sales skidded more than any other RV type in January. With the tremendous upsurge that occurred in December, that was expected. With only a couple of exceptions, DAB motorhome dealers—large and small—saw sales drop in the first month of the new year, compared to January 1986. Used sales, though, were slightly ahead of the previous year.

Apparently, motorhome dealers took some skinny deals, because profits were rated to be only fair.

Travel Trailers

Generally, dealers of this RV type matched, or were close to, last year's sales of new units; however, a tremendous drop by one large dealer on the DAB sent the percentages plunging. The used-sales drop was more evenly distributed among the board members. Profits were relatively good, with ratings generally in the good to fair range.

Truck Campers

Both new and used units got off to a good start this year. The unit numbers weren't large, but the percentages were impressive. Not only were sales up, but profits were rated as excellent.

Camping Trailers

The folding camping trailers also were off to a good start. Most serious dealers of this RV type reported increased new-unit sales in January. Three of the largest had tremendous increases in the early shows. As might be expected during the winter months, used sales were down. Profit reports were very mixed, ranging all the way from poor to excellent.

Fifth-wheels

The percentage increase in new-unit sales was fantastic for January, although the actual number of units sold wasn't large. Perhaps more impressive is the fact that nine DAB dealers reported fifth-wheel sales during January, compared to only four last year. Obviously, more dealers are getting a slice of the pie. Used sales were reported to be equally good, and this bodes well for those who stock this RV type. Profits were rated good to fair. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 20 dealers representing a cross-section of the U.S. dealer body.

Gaylord Maxwell, chairman
Dave Altman, Baldwin Park, Calif.
Annette Autry-Miller, Fayetteville, N.C.
Robert Azevedo, Sunnyvale, Calif.
Jack Cola, North Hollywood, Calif.
Dick Dasson, Victor, N.Y.
Crosby Forrest, Newport News, Va.
Robert Helgeson, Seattle, Wash.
Newton Kindlund, Orlando, Fla.
Ozzie Lenhard, Sayville, N.Y.
Larry McClain, Oklahoma City, Okla.
Jack Moran, Warwick, R.I.
Wayne Peay, Albuquerque, N.M.
Edward Peterson, Lafayette, Ind.
William Pifer, Warren, Mich.
Tom Schaeffer, Shoemakersville, Pa.
Mel Shipp, Chattanooga, Tenn.
John Stewart, Salt Lake City, Utah
Bill Thomas, Bridgeton, Mo.
Dale Thompson, Houston, Texas
Fran Van Pelt, Aurora, Ill.

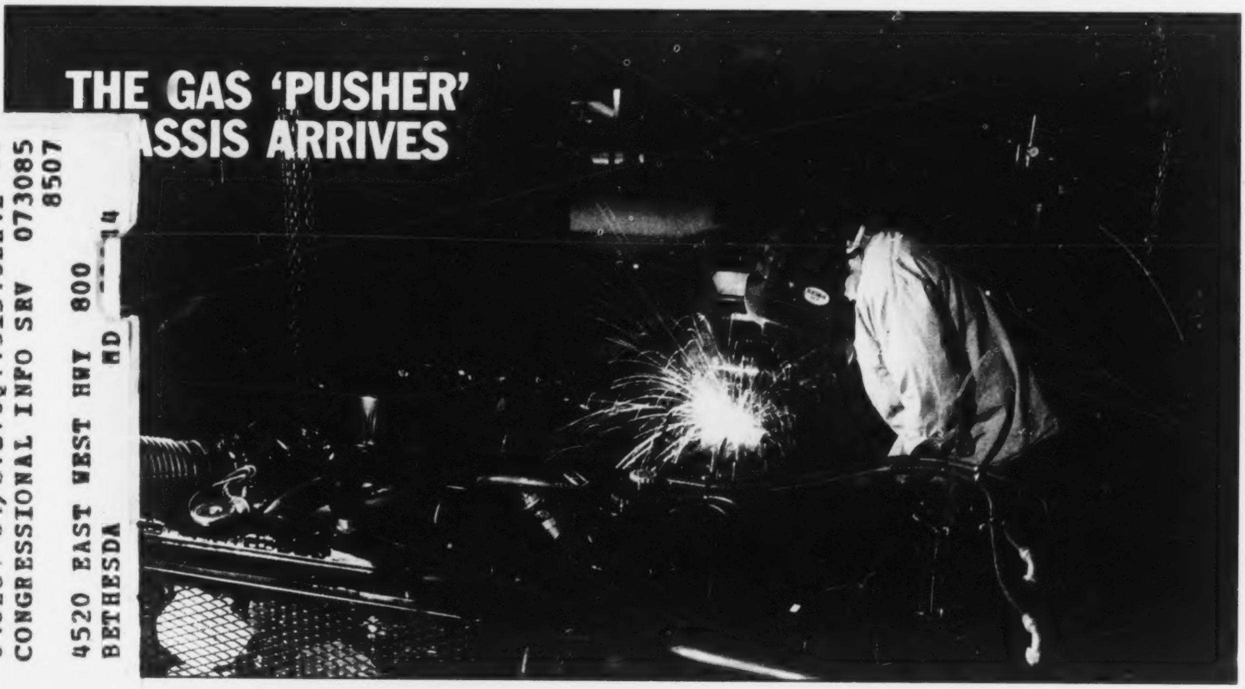
This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

TWO DOLLARS

NEW PLASTIC FINDS RV NICHE 14
TEXAS DEALER HAS WINNING WAYS 42
TIPS ON USED-RV FLOORPLANNING 47

C8950-2
4/23/87

RV BUSINESS
APR/24
1987



040287 04/87Z70Q115I5162RV2 **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY 800
BETHESDA MD 14

Calif. NOx Standard May Affect State's Chassis Supply

Certain General Motors Corp. (GM) RV chassis may not be available for the California market for the 1988-89 model years due to the state's new nitrous-oxide (NOx) emissions standards. However, both GM and Ford Motor Co., the major RV chassis suppliers, have said there should be no chassis shortages this year.

The potential GM chassis shortage confirms the fears expressed by RV manufacturers that chassis equipped with heavy-duty gasoline engines of certain sizes and power ratings would not be available for the California market due to tougher emissions standards, which take effect for the 1988 model year. At that time, California's minimum NOx standard will be 6.0 grams per horsepower hour, compared to a national standard of 10.7 grams per hp hr.

The difference in standards results from a GM suit of the Environmental Protection Agency, which succeeded in postponing the effective date of a national minimum NOx standard of 6.0 grams from the 1988 model year to the 1990 model year in all states except California. In that state, the California Air Resources Board decided to go ahead and enforce the tighter standard for 1988.

Ford Motor Co., Dearborn, Mich., had some reassurance for RV makers who are worried about the tougher standard's im-

continued on page 5

RVIA Tries to Halt 'Big Rig' License Drive

RVIA is "taking the most aggressive position it can possibly take" in lobbying to head off a drive by a number of states to include RVs in new special drivers' licensing requirements for large vehicles, said Diane Farrell, RVIA vice president for governmental affairs.

At least seven states currently either have bills pending or are drafting proposals for special big-rig licensing requirements that may affect drivers of large RVs, said Farrell. Arizona, Missouri and Montana already have bills before their state legislatures. Other states, including California, are studying their licensing systems.

The rash of state licensing revisions results from passage of the Federal Commercial Motor Vehicle Safety Act, which requires all states to issue special drivers' licenses to operators of commercial vehicles over 26,000

continued on page 8

APRIL 24, 1987 TWO DOLLARS **RV BUSINESS** VOLUME 38, NUMBER 2

TABLE OF CONTENTS

RV BAROMETER

Deere Confirms U-Haul Talks 5

PCAO Releases Report 6

Chrysler to Debut Sport-Utility 7

WDA Aftermarket 10
Distributors reported lower sales in the fourth quarter of '86

RVIA Shipments 12
RV shipments in January '87 were down 3% from January '86

FEATURES

New Plastic Finds RV Uses 14
Rovel truck caps begin competing with aluminum and fiberglass tops

The Gas Pusher Arrives 24
New rear-engine chassis spark industry controversy

Packing for Profit 34
How wheel-bearing packing and inspection can add to sales

Suspension Buyers Guide 38
A brief overview of suspension products on the market

DEPARTMENTS

Service 40
New asbestos standards affect RV shops

Marketing Concepts 42
Jack Sisemore's Traveland "does things right" in Texas

Finance 47
Some tips on choosing used-RV floorplanning

Calendar 50

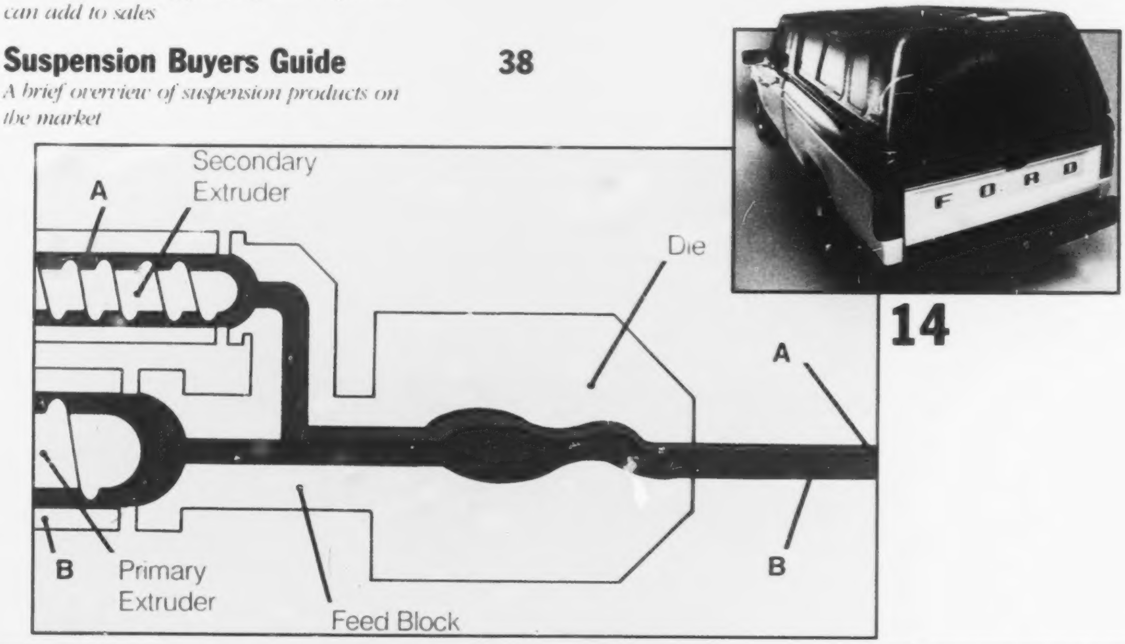
RV People 53
Promotions and awards, also featured: Herb Andrews, Call of the Wild, Oxford, Maine

In Brief 56
Brief news items covering RV companies and associations

Profitmakers 61

Readers' Forum 65

Commentary 66



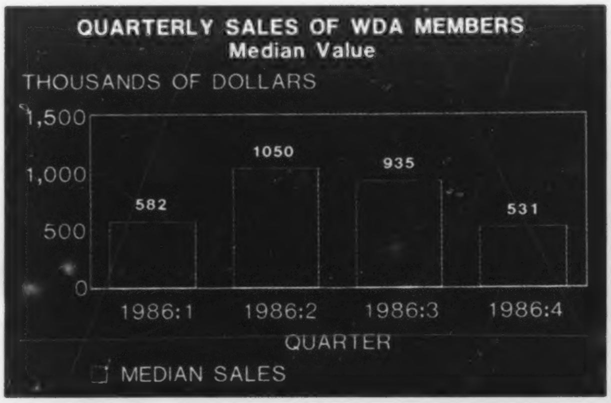
14

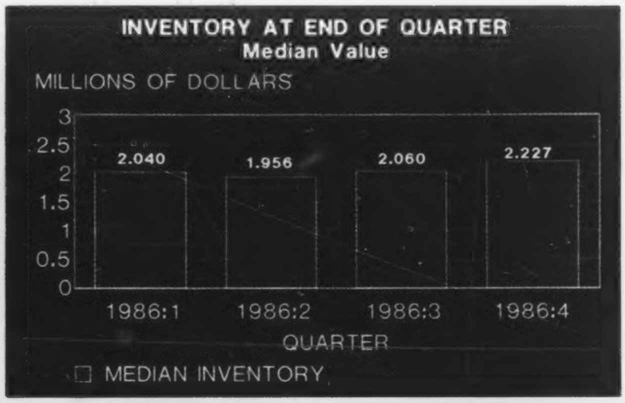
RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; a directory is printed annually in March. Subscription rates: U.S. and Canada, $48 a year, $96 for two years. Foreign subs. $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

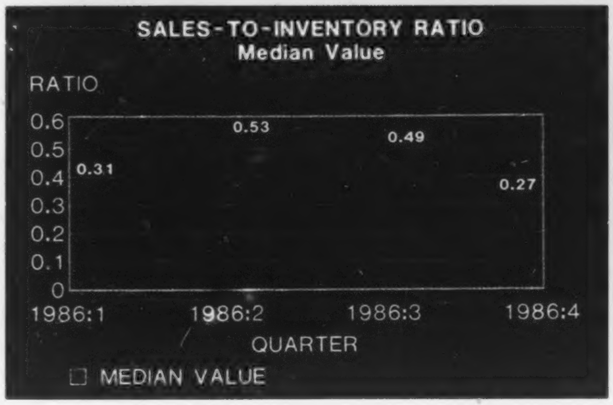
COVER: CHASSIS COURTESY OF VIRONEX INC., CANYON COUNTRY, CALIF.; PHOTO BY DALE BERMAN

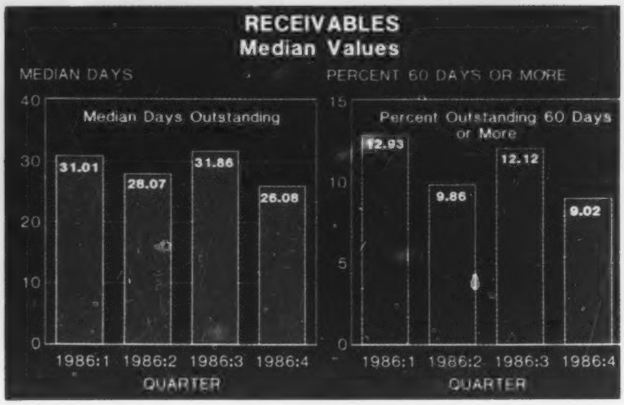
WDA SURVEY SHOWS LOWER SALES, HIGHER INVENTORIES AT END OF '86

MORTON J. MARCUS









Members of the Warehouse Distributors Association (WDA) participating in the quarterly statistical survey reported lower sales in the fourth quarter of 1986, compared to the third quarter. Half of the 31 firms had sales of $531,000 or more. This was the lowest quarter of the year, but just 8.7% below the level reported for the first quarter of 1986. The decline was probably just a normal seasonal variation and appears to run contrary to the first few months of 1987, in which several members have informally reported very strong sales.

Sales were down for firms in all size groups. Small firms (those with less than $300,000 for the quarter) were off 12% from the third quarter. Medium-size firms (sales of $300,000 to $1.5 million for the quarter) reported a decline of 11% for the quarter, while large firms (with sales of more than $1.5 million) were down just 2%.

Inventories rose to the highest levels of the year. Half of the participants reported quarter-ending inventories of $2.2 million, up 8% from the end of the third quarter. The decline in average sales, coupled with the rise in inventories, forced the sales-to-inventory ratio down to 0.27, the lowest level of the year.

The receivables picture improved in the final quarter of 1986. The average days for receivables outstanding fell from nearly 32 days to just over 26 days. Of equal value was the decline in the percent of receivables outstanding 60 days or more; half of all reporting units came in just above 9%, which was the best performance of the year.

All of these results from the WDA survey were tabulated from confidential reports voluntarily submitted by WDA members to the Indiana Business Research Center at Indiana University. Each participating member received a private report in which that establishment's record was compared with industrywide averages.

These fourth-quarter results mark the end of the first year of this new membership survey by WDA. Starting with the first quarter of 1987, the reports will permit year-to-year comparisons of business statistics supplied by WDA members. With a second year of data, long-term business trends can be separated from seasonal variations. Δ

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

JANUARY '87

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during January 1987 was 31,200 units, down 3.1% from January 1986.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Jim Sheldon of Fleetwood Enterprises Inc., Riverside, Calif.

RV shipments were as follows in Jan. 1987		Jan. 1986	Percent Change	Cumulative 1987	Cumulative 1986	Percent Change
TRAVEL TRAILERS	5,700	5,400	+ 5.6%	5,700	5,400	+ 5.6%
PARK MODELS	600	800	−25.0%	600	800	−25.0%
FIFTH-WHEELS	2,000	2,100	− 4.8%	2,000	2,100	− 4.8%
TRUCK CAMPERS	600	400	+50.0%	600	400	+50.0%
MULTI-USE VEHICLES (Van Conversions)	14,100	15,100	− 6.6%	14,100	15,100	− 6.6%
TYPE A: MOTOR-HOMES	2,800	2,500	+12.0%	2,800	2,500	+12.0%
TYPE B: VAN CAMPERS	600	600	0%	600	600	0%
TYPE C: MINI MOTOR-HOMES	2,000	1,800	+11.1%	2,000	1,800	+11.1%
FOLDING CAMPING TRAILERS	2,800	3,500	−20.0%	2,800	3,500	−20.0%
TOTALS	31,200	32,200	− 3.1%	31,200	32,200	− 3.1%

6/1/87 C8950-2

TWO DOLLARS

WINDOW TREATMENTS 26

EXPANDING A SERVICE BUSINESS 30

'S' CORPORATIONS AND TAXES 36

RV BUSINESS

MAY 8

1987

Existing Truck Campers Don't Fit New GM Trucks

Some truck-camper manufacturers are expressing concern about the industry impact of the restyling of the rear box of General Motors Corp.'s Chevrolet and GMC 1988-model full-size pickups. Due to the GMC redesign, the truck box will not accommodate some previous truck-camper designs.

"The problem that we have as camper manufacturers is that GMC narrowed the space between the wheel wells," explained Bill Doyle, president of Western Recreational Vehicles in Yakima, Wash. "We use that space to put in toilets and shower stalls, which now won't fit the narrower opening."

Robert Rieth, manager of special vehicles for the GMC Chevrolet Division, confirmed that the 1988 truck boxes are about 2 inches narrower in the front and 3 inches narrower in the tailgate than in the 1987 models. Specifically, Rieth said that the 1987 boxes were 65.75 inches wide both in front and rear, while the 1988 models are 63.75 inches wide on the inside front and 62.2 inches wide on the inside rear.

The new truck design forces some retooling costs on camper manufacturers. Doyle noted that the change in the 1988 models required a redesign of his company's 10-foot, 9-foot and 8.5-foot units, for example. Western's 11-foot units were not affected by the GMC restyling, Doyle noted, although other manufacturers' 11-foot units may require design changes.

Doyle also contended that the change will have an adverse impact on RV owners and consumers. Stressing that typical truck-camper owners buy new trucks more frequently than they trade or upgrade their campers, Doyle said, "The worst thing is that all those people who buy new Chevrolet and GMC trucks don't know that their old camper won't fit. When somebody pays $15,000 for a truck and finds that the camper doesn't fit, he may get rid of it and not replace it. He may get mad at the RV lifestyle." Many consumers

continued on page 8

Minor Supply Shortages Cited

Strong 1987 RV sales are creating minor supply shortages and are forcing RV manufacturers to swallow some supply-price increases. But, contrary to recent rumors, a survey of manufacturers found no reports of significant supply shortages so far.

Several RV makers did predict that strong demand for supplies would mean price hikes in some areas.

Jay Hill, purchasing agent for Coons Manufacturing Inc. in Oswego, Kan., foresaw a 3-cent- to 5-cent-a-pound increase in the price of fiberglass resin. "I don't know how long I can get my current supplier to hold the

continued on page 5

INCENTIVE TRIPS SEE P. 14

MAY 8, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 3

TABLE OF CONTENTS

RV BAROMETER

Ford Launches Chassis Cab for Towing Fivers 5

Senate Proposes Crash Standards for Vans, Light Trucks 7

California Studies RV-License Skill Testing 9

RVIA Shipments 10
February figures offer some encouraging signs

DAB Perspective 12
February 1987 parallels February 1986

FEATURES

Incentive Trips 14
Dealers and manufacturers discuss the value of incentive trips

Window Treatments 26
Some highlights of the wide variety of window-treatment options; Shadow Interiors tries to reach the window-treatment aftermarket

DEPARTMENTS

Marketing Concepts 30
Kevin Gillis transforms his small firm into a centralized service center

Legal 36
'S' Corporations offer small businesses some definite tax advantages

Calendar 40

RV People 42
Promotions and awards; also featured: Ed Sprinkle, Motor Vacations Unlimited Inc., Elgin, Ill.

In Brief 44
Brief news items covering RV companies and associations

Profitmakers 48

New Literature 58

Commentary 62

共和国万岁
世界人民大

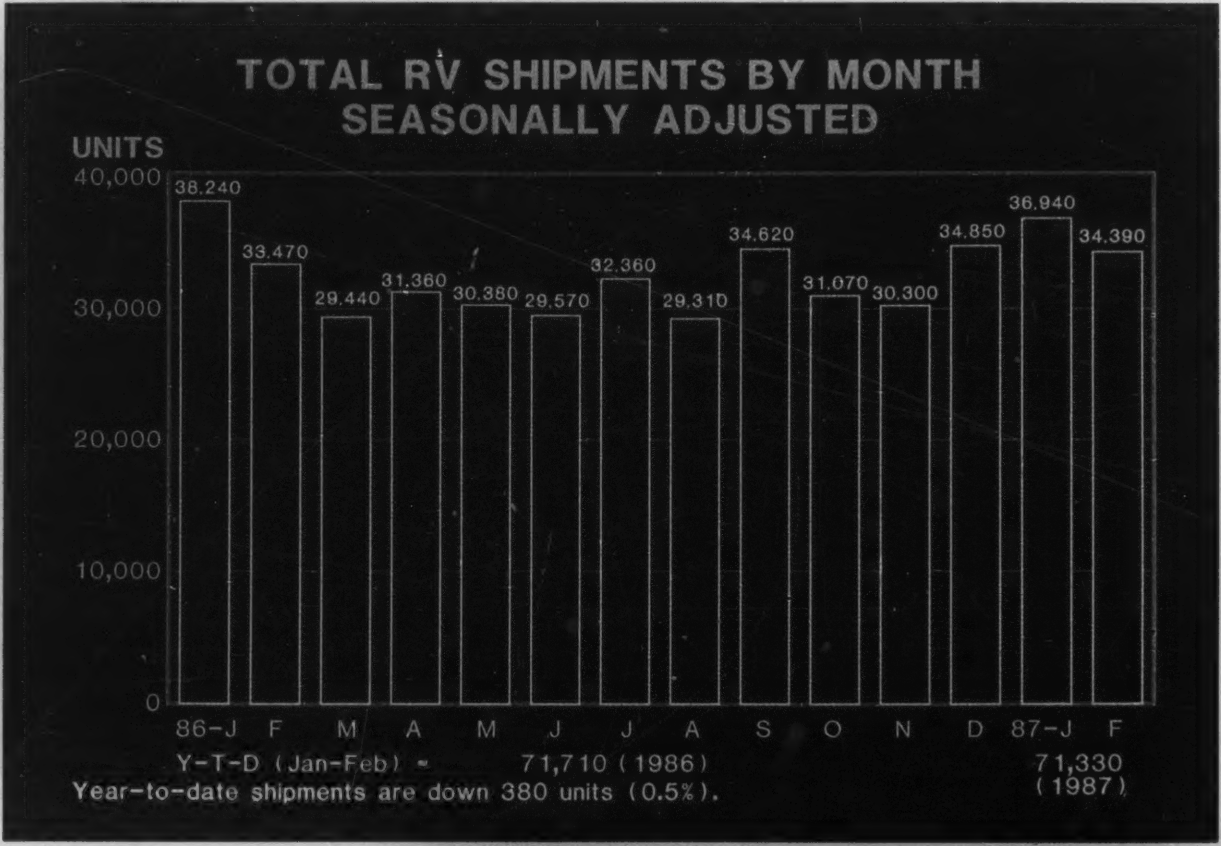
14

26

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2900, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; a directory is printed annually in March. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

FEBRUARY OFFERS SOME ENCOURAGING SIGNS

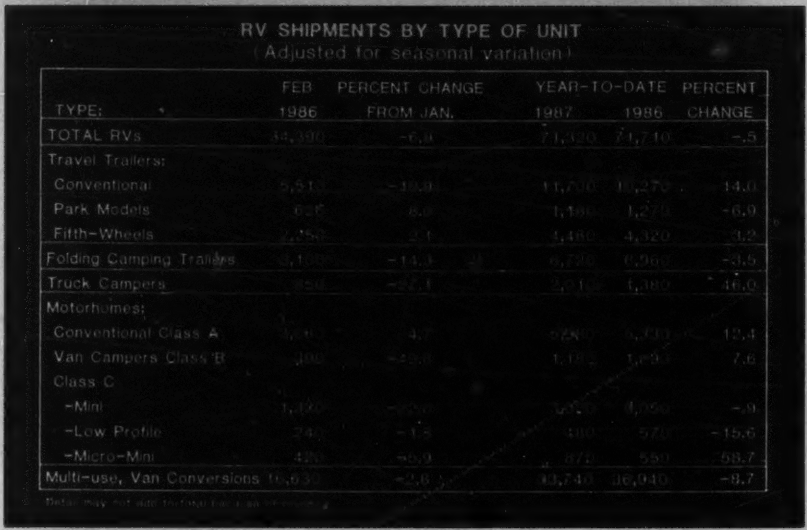
MORTON J. MARCUS



For the first two months of 1987, one might as well be using the old 1986 calendar. The earliest RV shipment numbers in from RVIA, after adjustment for normal seasonal patterns, seem to suggest it would be a mistake to believe that a new year had begun. The RV industry seems to be trapped in a rerun of last year, as if the industry were an old TV series and life nothing more than late-night entertainment. At least, that's the surface impression.

Total shipments for 1986 and 1987 to date (January and February combined), as shown in Figure 1, were just about as even as these numbers can be. This year was a miniscule .5% below last year, at 71,330 units compared to 71,710. That was a difference of 380 units, which could be little more than statistical noise.

But, there were signs in the data that


RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE:	FEB 1986	PERCENT CHANGE FROM JAN.	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	34,390	-6.9	71,330	71,710	-.5
Travel Trailers:					
Conventional	5,510	-19.9	11,700	10,270	14.0
Park Models	626	8.0	1,180	1,270	-6.9
Fifth-Wheels	2,250	2.1	4,460	4,320	3.2
Folding Camping Trailers	3,100	-14.3	6,720	6,960	-3.5
Truck Campers	850	-27.1	2,010	1,380	46.0
Motorhomes:					
Conventional Class A	[illegible]	4.7	6,280	[illegible]	12.4
Van Campers Class B	300	[illegible]	1,180	[illegible]	7.6
Class C					
-Mini	1,420	[illegible]	[illegible]	4,050	-.9
-Low Profile	240	-1.5	480	570	-15.6
-Micro-Mini	420	-6.9	870	550	58.7
Multi-use, Van Conversions	16,630	-2.6	33,740	36,940	-8.7

Detail may not add to total because of rounding

GRAPHICS: CUSTOM COLOR VISUALS

DAB PERSPECTIVE

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	FEB. 1987	FEB. 1986	% CHANGE	1987	1986	% CHANGE	FEB. 1987	FEB. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	74	71	+ 4	120	142	− 15	76	106	− 28	139	150	− 7
TRAVEL TRAILERS	79	68	+ 16	125	123	+ 2	77	45	+ 71	115	90	+ 28
TRUCK CAMPERS	12	13	− 8	33	27	+ 22	8	4	+100	12	7	+ 71
CAMPING TRAILERS	78	113	− 31	166	188	− 12	29	18	+ 61	33	24	+ 38
FIFTH-WHEELS	10	14	− 40	18	18	0	7	5	+ 40	13	6	+116

	FOR MONTH			YEAR-TO-DATE		
	FEB. 1987	FEB. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$6,786,185	$6,858,192	− 1	$11,831,725	$11,736,914	+ .8
TOTAL UNIT SALES	460	457	+ 1	774	775	− .1
NEW-UNIT SALES	253	279	− 9	462	498	− 7
USED-UNIT SALES	207	178	+16	312	277	+13

FEBRUARY '87 PARALLELS FEBRUARY '86

GAYLORD MAXWELL

February was a "mixed bag" for RV dealers, according to the Dealer Advisory Board (DAB). About half of the members had better sales this year than last, but half had worse.

Overall, the sales volume and number of units sold for February 1987 were almost identical to February 1986. Two RV types were up in new-unit sales (motorhomes and travel trailers), and three were down. Comparing 1986 and 1987 year-to-date, sales figures—in both dollars and units—were less than a percentage point apart.

The impact of used-RV sales was very obvious. Although the total used-unit sales figure for the year-to-date was only a little over half of the sales for new, one should note that in big units, new and used totals were not far apart.

Profit ratings for used-unit sales ranged from excellent to fair, with more than half of the ratings excellent or good.

Motorhomes

After a setback in January, new motorhome sales seem to be back on track. Although not impressive, there was a slight sales gain this February over the previous year. Year-to-date, new-unit sales were still down slightly compared to 1986.

Used units, for some unexplained reason, took an awful drop in February—down 28%. Some of the large motorhome specialists were particularly hard hit, but, with only a couple of exceptions, all DAB members with strong used-unit departments felt the slump. Year-to-date, the figures for 1987 and 1986 weren't as far apart. With what has generally been a strong market, there's no reason to believe that February's performance was a trendsetter.

Profits on new motorhome sales were relatively weak in February, with most DAB members rating them as only fair and a few rating them as good.

Travel Trailers

After a slow start in January, sales of this type picked up nicely in February.

Used-trailer sales were even stronger. The 71% increase for the month was the best seen in a long time. New-trailer profits were rated to be either good or fair by most DAB members.

Truck Campers

Although the new-sales figure for the month was down slightly, year-to-date numbers indicated that, in both new and used units, this type is headed for a good year.

Profits were rated as excellent by the largest DAB camper dealer.

Camping Trailers

The sharp February drop in new-unit sales reported by the DAB doesn't mean that the bottom has fallen out of the market for folding camping trailers. Actually, the drop reflects a very successful promotion of heavily discounted units last year and no sales in '87 by one of our DAB members.

Used fold-down sales appear to be picking up. Profits were rated a bit on the weak side—which will probably be a problem for this RV type all year.

Fifth-wheels

After an excellent January, fivers took a dive in February. Fortunately, that dive was large only in percentages, and the unit drop was one that can be brought up again quickly. Year-to-date figures for the DAB were the same for new units, and used sales were quite strong. Profits were generally rated to be good. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 19 dealers representing a cross-section of the U.S. dealer body.

Gaylord Maxwell, chairman
Dave Altman, Baldwin Park, Calif.
Annette Autry-Miller, Fayetteville, N.C.
Robert Azevedo, Sunnyvale, Calif.
Jack Cole, North Hollywood, Calif.
Dick Dasson, Victor, N.Y.
Crosby Forrest, Newport News, Va.
Robert Helgesen, Seattle, Wash.
Newton Kindlund, Orlando, Fla.
Ozzie Lenhard, Sayville, N.Y.
Larry McClain, Oklahoma City, Okla.
Jack Moran, Warwick, R.I.
Wayne Peay, Albuquerque, N.M.
Edward Peterson, Lafayette, Ind.
William Pifer, Warren, Mich.
Tom Schaeffer, Shoemakersville, Pa.
Mel Shipp, Chattanooga, Tenn.
John Stewart, Salt Lake City, Utah
Bill Thomas, Bridgeton, Mo.
Fran Van Pelt, Aurora, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

040287 05/87Z70Q115I5162RV2 **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

C8950-2
5/26/87

SAFETY PRODUCTS 24
ON A ONE-DEALER SHOW 32
PICK A FLOORPLAN LENDER 34

BUSINESS
MAY/25
1 9 8 7

Probe Closer To Recall

3

The National [illegible]affic Safety Administration (NHTSA) has moved its investigation of certain micro-minimotorhome manufacturers one step closer to a formal recall by upgrading its probe to a formal defects investigation.

The NHTSA action, which will also include a separate probe for possible violations of federal motor vehicle safety standards, only affects units made up through 1985 by specifically named manufacturers. The investigation does not include 1986 or 1987 models.

NHTSA's move comes on the heels of a February notice requesting a voluntary recall by micro-mini makers to correct possible defects associated with chassis overloading. NHTSA officials noted that the response to that notice was "very disappointing."

The NHTSA spokesman also indicated the agency was similarly disappointed by the response from RVIA. "The people from RVIA called us in and had us speak at their membership meetings last year because they were supposedly concerned about this continuing overloading problem. Now, after warning the manufacturers in those meetings that we would take action if they didn't respond, RVIA is expressing surprise that we are moving ahead," said the NHTSA source.

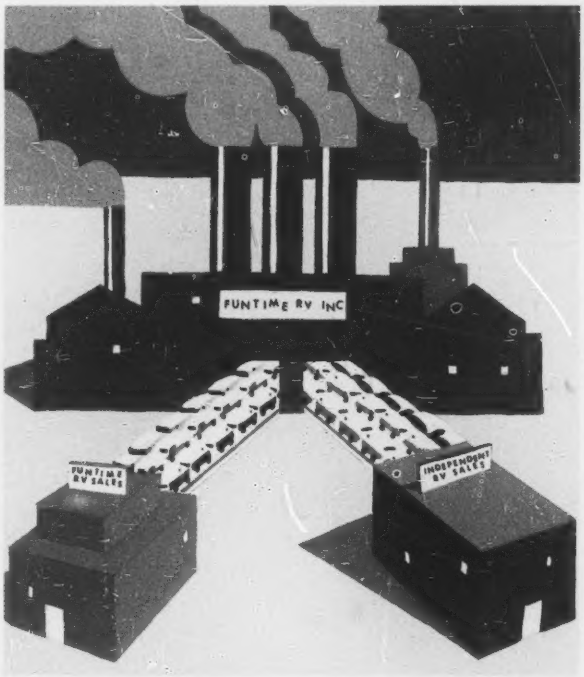
Noting that NHTSA officials have invested "a lot of time and effort on this issue," Jerry Loftus, RVIA general counsel, countered that he is not surprised that the agency is aggressively pursuing its investigation of micro-mini manufacturers. "We are very concerned, however," Loftus added, "at the way that NHTSA has chosen to proceed. They are lumping all manufacturers together and tarring everyone with the same brush."

As for what course of action RVIA might take, Loftus said: "We are going to wait and see exactly what NHTSA plans to do."

In its release NHTSA noted that it is also initiating a "related defects investigation into dual rear-wheel adaptor kits manufactured by Aerocraft" and that the agency is asking micro owners who have experienced wheel problems to call a toll-free "hotline" number.

Micro-mini builders are angered that the government has decided to continue its scrutiny of their segment of the industry. "We share the sentiments that it is unfair for NHTSA to be pur-

continued on page 6



COMPANY STORES: Manufacturers discuss the advantages and problems of running their own retail outlets—and the reactions of dealers. See page 14.

Highway Agency Excludes RVers From Licensing

In response to an urgent request from RVIA, the Federal Highway Administration (FHWA) has confirmed that drivers of RVs are not subject to the licensing and other provisions of the Commercial Motor Vehicle Safety Act of 1986.

In an April letter to RVIA, R.P. Landis, FHWA associate administrator for motor carriers, noted: "A recreation vehicle ... which is not used in commerce and is operated solely as a family/personal conveyance for recreational purposes is not covered under the act."

Ed Conway, assistant general counsel for RVIA, said the clarification provided RVIA with the leverage it needed to convince a number of state motor-vehicle administrators that the new federal law requiring special licensing for truckers did not also include RVers. Some state licensing authorities were proceeding with stringent new requirements for RV drivers, under the assumption that failure to do so would jeopardize their federal highway funds, he explained.

However, Diane Farrell, RVIA vice president of government affairs, added, "Of course, this helps because it takes away at least one argument that some state administrators have been using, but it doesn't change the fact that we are probably going to be facing a tough state-by-state legislative battle." Δ—*Robert Longsdorf Jr.*

MAY 25, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 4

TABLE OF CONTENTS

RV BAROMETER

EPA Tests Show RV Engines at Risk From Unleaded Gas 5

Goodrich Named President of Honey RVs 7

Chassis Suppliers Foresee Strong '87 Sales 9

RV People 12
Promotions and awards; also featured: Gerald and Mary Jo Boman of Winnebago Industries Inc., Forest City, Iowa

Blue Chip Consensus 13
'87 economic growth rate stabilizes

FEATURES

Company Stores 14
Manufacturers discuss the pros and cons of becoming their own retailers—and the impact on dealers

Selling Safety Products 24
Dealers may be missing out on the profits to be made by promoting safety products, such as LP-gas detectors, backup video monitors, steering stabilizers, etc.

DEPARTMENTS

1988 Dealer of the Year Contest 10

Marketing Concepts 32
Arden Keller's Indian Valley Camping Center brightens January's gray days with a successful one-dealer show

Finance 34
How to select the right floorplanning lender

Calendar 43

In Brief 44
Brief news items covering RV companies and associations

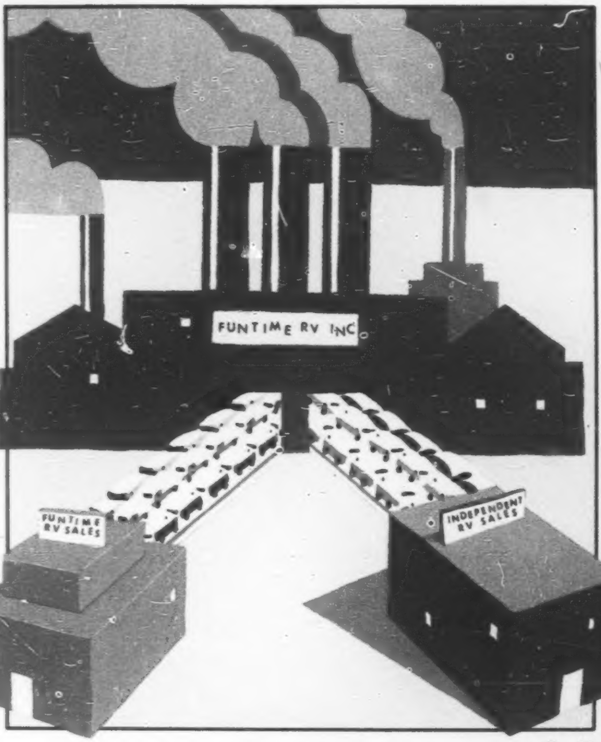


ILLUSTRATION: RHONDA VOO

14

24

Profitmakers 48
New Literature 52
Classified Advertising 53
Index to Advertisers 54
Readers' Forum 55
Commentary 56

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly; a directory is printed annually in March. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

RV SAFETY: REASSURING INSURANCE DATA

Selling RV safety can also mean selling prospective RVers on the good safety record of the industry, particularly now that RV safety has become a matter of public debate as many states consider instituting special RV drivers' licensing requirements.

Unfortunately, the safety record of RV units has rarely been addressed in research or literature about the industry. Now, a research group from Illinois State University (ISU), Normal, Ill., has looked into the issue using 1985 motorhome claims data provided by four major insurance companies, including one firm that sells 20% of all auto and RV insurance in the United States.

The group's findings should be reassuring to RV dealers and consumers. Basically, accident and claim statistics show that, compared to automobile drivers, motorhome drivers are less likely to be involved in accidents or submit claims.

FIGURE 1

Comparison of Frequency of Claims per 1.000 Policies for Station Wagons and Motorhomes

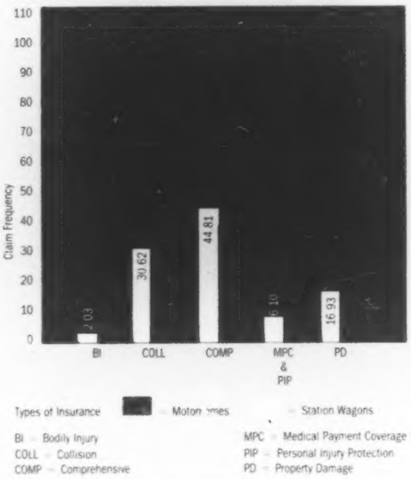
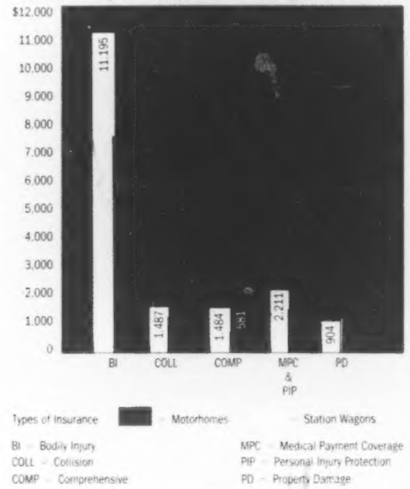


FIGURE 2

Comparison of Average Dollars Paid per Claim for Station Wagons and Motorhomes



These findings back up those of the August 1986 Insurance Injury Report from the Highway Loss Data Institute (HLDI), Washington, D.C. The institute found that there were fewer insurance claims per 1,000 vehicles for larger cars than were submitted for smaller cars, and that vans, pickups and utility vehicles had better injury results than the average results for passenger cars. In general, the data showed that injury claim frequencies were closely related to vehicle size, with larger vehicles having lower claim frequencies.

The ISU research group decided to extend these facts to the motorhome segment of recreational vehicles by trying to prove that "Class A and Class C motorhomes, as a group, have fewer claims per 1,000 submitted than do station wagons."

Motorhomes were selected from among all RVs because they have their own policies, unlike travel trailers and other towables, which are covered by the policies of the tow vehicles. Station wagons, which the HLDI found to have one of the lowest claim frequencies of all passenger cars, were chosen for the comparison because if the hypothesis proved to be correct, it could then be reasoned that motorhomes, in general, were safer than automobiles.

The study compared claims data in five categories: 1) bodily injury; 2) collision; 3) comprehensive; 4) property damage; and 5) medical payment and personal-injury protection. A brief explanation of each of these categories follows:

Bodily-injury protection: medical payments for injuries to occupants of the other vehicle(s) involved in the accident.

Collision: damage to the insured vehicle in the accident.

Comprehensive: noncollision damage that occurs to insured vehicles. Examples are coverages for such acts as vandalism, theft, fire, glass breakage, etc.

Property damage: damage to the other vehicle(s) involved in the accident.

Medical-payment coverage: medical payments for injuries sustained by occupants of the insured vehicle.

Personal-injury protection: the same coverage as medical payment coverage, except that it replaces such coverage in some states and, thus, these two categories are combined for the study.

An analysis of the frequencies of the types of claims submitted revealed some interesting differences between motorhomes and station wagons. In fact, for every category of insurance, station wagons had a higher claims frequency than did motorhomes, except for comprehensive insurance. Motorhomes were higher in this category largely because they are more susceptible to theft claims and to fire—given the LP-gas system, the furnace, the appliances, etc., which are not included in passenger cars. *(See Figure 1.)*

The conclusion that can be drawn from Figure 1 is that motorhome drivers have a lower chance of being involved in an accident or of submitting an insurance claim. Some reasons for that finding might be: Motorhome drivers are more careful drivers; the size of the motorhome makes it more visible to other vehicle drivers; and motorhomes are driven fewer miles.

Figure 2 provides a graphic comparison of average dollars paid per claim for station wagons and motorhomes. Bodily injury and collision averages are higher for motorhomes since, due to motorhomes' sheer bulk, they tend to do more impact damage than station wagons. The comprehensive average is also higher because, as was stated earlier, motorhomes are more susceptible to fire and theft.

It is somewhat more surprising to find that the medical-payments coverage and personal-injury protection average are also higher for motorhomes than for station wagons. There are a few explanations that can be offered: There are generally more occupants in a motorhome; there are usually older occupants in a motorhomes; and seatbelts in the areas behind the front seats are less apt to be used.

The main conclusion to be drawn from Figure 2 seems to be that, when claims are submitted for motorhomes, they are higher, on the average, than those for station wagons. Δ

The above study was conducted by Robert Copeland, Joe D'Urso, Michael Harris and Jill Simons to fulfill the requirements of a marketing course at Illinois State University in the fall of 1986. The course is taught by James F. Brubeck, assistant professor of marketing and owner of the Tall Corn RV dealership in Carlock, Ill. The insurance companies that supplied the claims data also provided advice and assistance in setting up the study.

TWO DOLLARS

ATURE: MICRO MAKERS RALLY TO FIGHT BAD PL
ARTER RV SHIPMENTS ARE LOOKING GOOD 14
ELECTRICAL-SYSTEM TROUBLESHOOTING 28

C8950-2
6/18/87

040287 06/87270011515162RV1 **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

V BUSINESS
JUN/12
1987

nia
trict
RV Licensing

Officials of the California Department of Motor Vehicles (DMV) have proposed a plan that, if adopted by the legislature, would impose stringent special drivers' licensing requirements on trailer and motorhome drivers.

Under the classified drivers' license system now proposed by the DMV, a special Class 2 license would have to be obtained by all operators of a vehicle or combination of vehicles exceeding a gross vehicle weight of 10,001 pounds. Class 2 is a new license category that would include medical-exam requirements. Although the license would be issued for four years, the DMV said it would require the holder to submit to a medical exam every two years. The DMV would, in turn, issue medical certificates on a two-year basis.

In addition, any driver of a recreational vehicle, regardless of license class, would be required to obtain a special "R" endorsement, indicating successful completion of special written and skill RV testing.

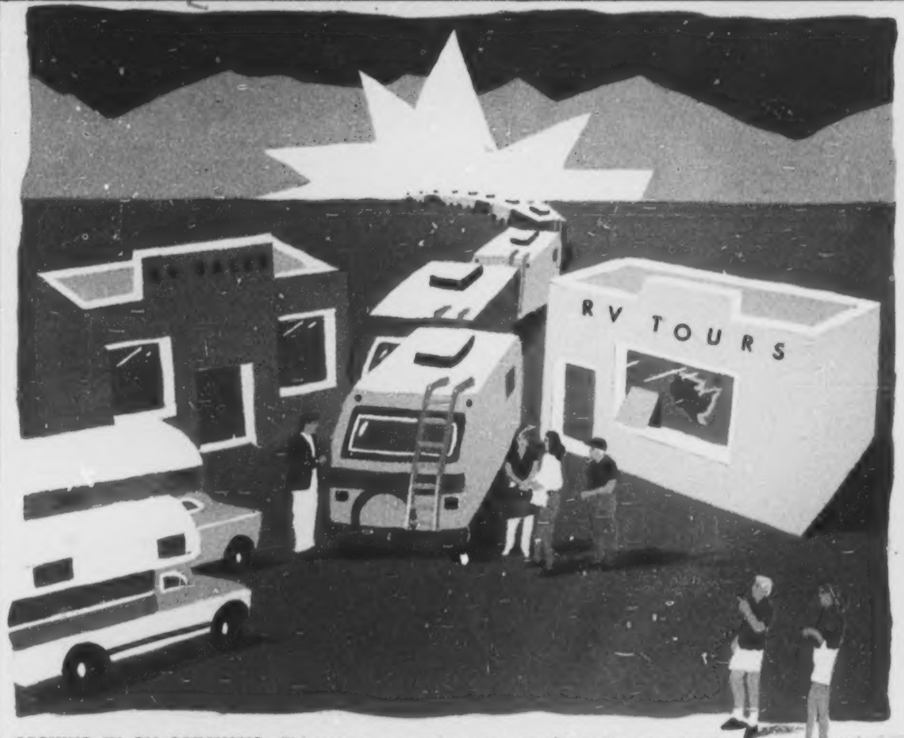
Noting that it may be impossible to offer RV skill tests at every DMV branch office in the state, the department also is proposing the establishment of "regional testing centers." That would mean, in some cases, that RVers would have to travel significant distances for testing.

Drivers of large motorhomes would need a Class 1 license for vehicles with gross vehicle weights exceeding 26,000 pounds. Class 1 would also require medical testing, a medical certificate and the special R endorsement.

Diane Farrell, vice president of government affairs for RVIA, said concern is mounting over the California officials' stance.

"We originally had the impression that the DMV was going to back off and be a little

continued on page 8



CASHING IN ON CARAVANS: RV-tour companies are seeking to cooperate with RV dealers to promote both the RV lifestyle and RV sales. Can dealers afford to ignore this opportunity to attract first-time buyers? See page 18.

Deere Foresees Soaring Chassis Sales; Expands Service Network

Anticipating a sharp upswing in demand for its Class A motorhome chassis, John Deere Tractor Works, Waterloo, Iowa, has increased production to 40 units per day. The chassis supplier had been producing 24 units daily.

During its fiscal year ended Oct. 31, 1986, Deere shipped 789 chassis, but Terry Lorenzen, Deere OEM marketing manager, estimated that chassis shipments will exceed 7,000 by the close of the current fiscal year.

"We build to an order calendar, and thus far our order calendar has been sold out two months ahead," said Lorenzen. He also observed that the lull in retail sales reported by some Class A motorhome manufacturers had not affected orders for Deere chassis.

Deere also announced that it

continued on page 8

JUNE 12, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 5

TABLE OF CONTENTS

RV BAROMETER

Fleetwood Quits South Bend Show 5

Western RV Recruits Dealers in Midwest 7

Micro Makers Rally to Combat Adverse Publicity 9

RV People 10
Promotions and awards

RVIA Shipments 14
No thrills, just good news, for first-quarter '87 shipments

DAB Perspective 16
March sales were higher than usual

FEATURES

Cashing in on Caravans 18
RV dealers may be able to cooperate with RV-tour companies to promote both RVing and RV sales

DEPARTMENTS

Service 28
Tips on troubleshooting the RV-electrical system and hunting for battery draws

Calendar 36

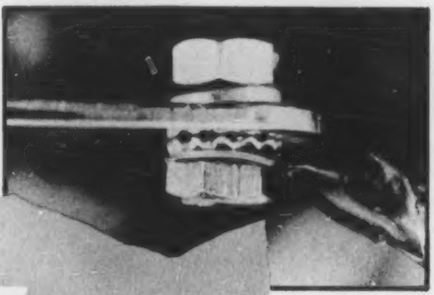
In Brief 40
Brief news items covering RV companies and associations

Profitmakers 46

Classified Advertising 51

Index to Advertisers 52

Commentary 54



28

RV SALES
RV TOURS

18

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER ILLUSTRATION: RHONDA VOO

FINANCIAL

RV Loan Delinquencies Down

In the latest figures released by the American Bankers Association (ABA), RV-loan delinquencies declined by .40% in December. As of Dec. 31, 1986, the RV-loan delinquencies were 1.72% compared to 2.12% for the same month a year ago.

The ABA reported that, as of Dec. 31, 1986, RV loans were in fifth place in performance out of the nine loan portfolios monitored. Only revolving credit, property-improvement loans, auto direct loans and home-equity loans reflected lower loan delinquency rates. The ABA defines a delinquent loan as having an installment past due 30 days or more. Δ—*David Leichey*

VIXEN *from page 5*

hind demand.

Meanwhile, Vixen President Gerald Bryce confirmed that the company recently changed both its advertising and public relations firms in an effort to "improve communications with RV dealers." When the company launched its Vixen 21 in 1986, it concentrated on marketing through auto dealers but has apparently now expanded its marketing strategy to include RV dealers. "We have been evaluating the RV dealer network since the last quarter of 1986. Now we have one RV dealer in our marketing network and are talking with others," said Bryce.

Finally, Vixen is trying to reach a new market segment with its XC. While the XC has "motorhome characteristics" and uses the Vixen 21 body, Bryce stressed that it was directed at the "traveling public" that would rather sleep in a motel than in a motorhome. While the Vixen 21 comes with all equipment—except 110-volt air conditioning—as standard, the XC will have a higher number of options and no cooking facilities, and, thus, a lower base sticker price, explained Bryce. "The XC is aimed at the buyer at the high end of the van-conversion market," he said. Δ

FIGURE 1

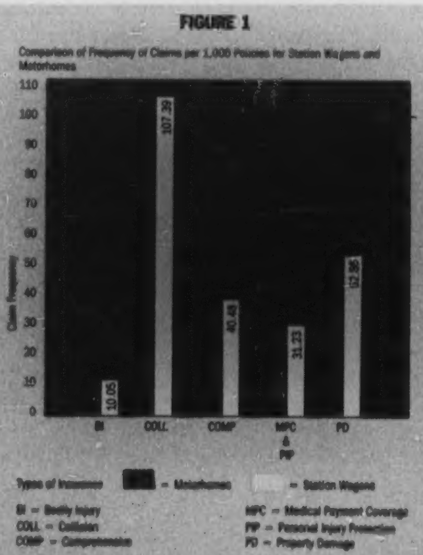
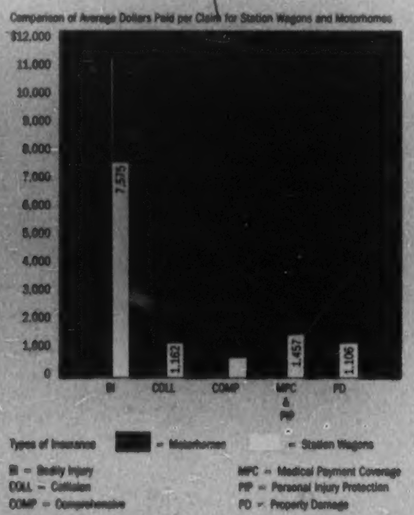


FIGURE 2



SAFETY DATA: Charts appearing in "RV Safety: Reassuring Insurance Data," in the May 25, 1987, issue of *RV Business*, page 25, were in error. The above charts are correct.

RV LICENSING *from cover*

more reasonable in its approach to RVers," said Farrell. "They had indicated that some type of special class of license was probably going to be required, but that it would be realistic, and would not include a requirement for a physical exam. At the very least, we thought there was going to be some room for negotiation. Now, it looks as if they may take a very hard-line approach to this whole issue."

Farrell added that she is hopeful that the California officials will ultimately compromise in order to avoid a political confrontation in the legislature. Δ

ROCKWOOD *from page 5*

the football season.

Dissin said that his company had about a week to find a motorhome suitable for the filming. "We sent proposals to about 30 manufacturers, and about 10 showed some interest. But only four of those had coaches ready to give to us. We chose Rockwood because they were really cooperative and ready to give us a coach the same day," he said.

DEERE *from cover*

is undertaking a major expansion of its nationwide chassis-service network and a change in its distribution channels.

"Through an arrangement with Clark Power Products, we now are able to use the Detroit Diesel Allison (DDA) distributor organization to service and sell our product," said Lorenzen. "That brings to our service network about 2,700 service bays, each capable of handling very large motorhomes powered by either gas or diesel engines.

"Not only that," Lorenzen continued, "but the DDA people are highly mobile. Their trucks are constantly on the road and can be dispatched to help disabled motorhomes."

Lorenzen emphasized that the DDA affiliation does not replace the network of 220 Ford service facilities that Deere had been using: "It happens that 150 of those Ford SVP (Specialty Vehicle Products) locations were already associated with DDA distributors, so they, in effect, came right along with the arrangement. The remaining dealerships simply augment the new network, bringing total service facilities to 700." Lorenzen added that Deere will soon be publishing a directory of these locations.

Lorenzen further noted that the Clark Power Products facilities also have some manufacturing capabilities and can be used to make chassis alterations.

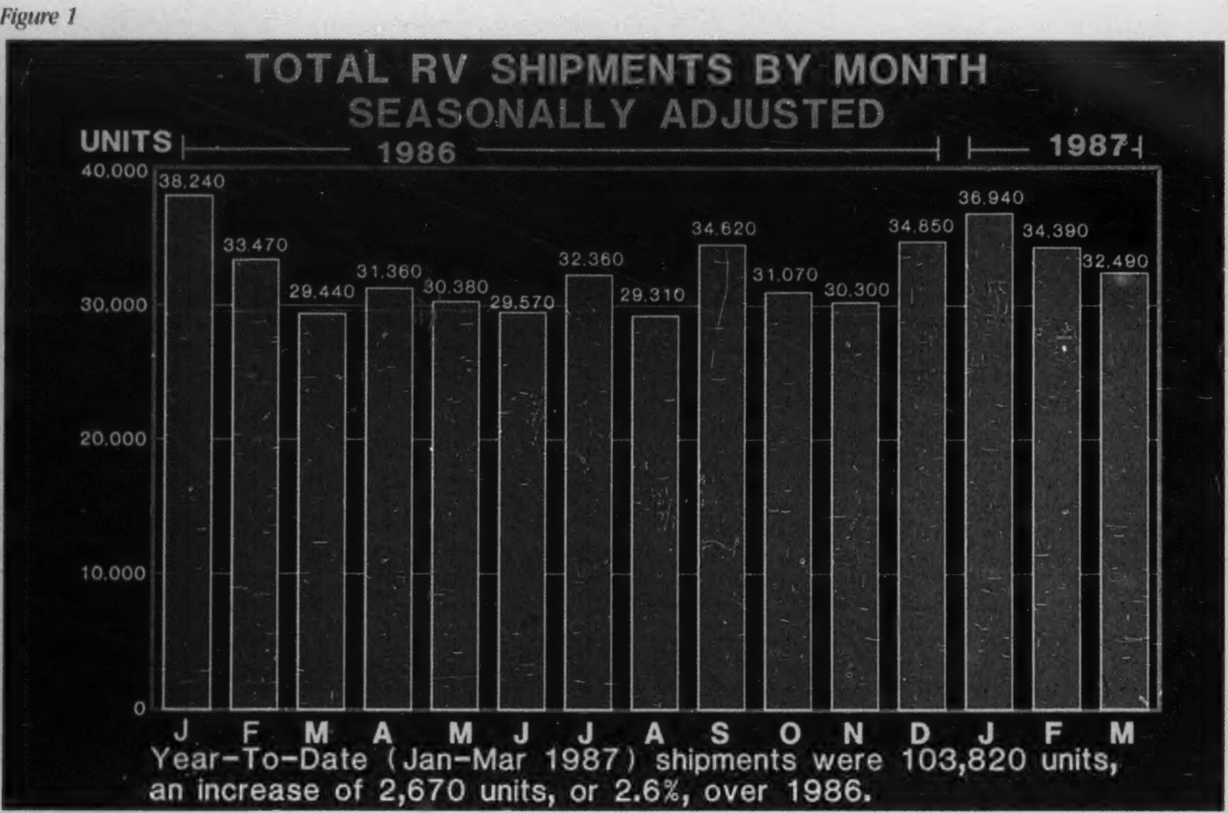
However, Deere's increased production volume will probably not lead to lower prices, according to Lorenzen. "What I truly hope we are able to do is to just keep the prices where they are. If we can do that, I think it will add some stability to the industry," he said. Δ—*John Thompson*

RVIA SHIPMENTS

NO THRILLS—JUST GOOD NEWS

MORTON J. MARCUS

Figure 1



Year-To-Date (Jan-Mar 1987) shipments were 103,820 units, an increase of 2,670 units, or 2.6%, over 1986.

There may be some people in the RV business who like the industry because it makes them feel like they're riding on a roller coaster. It's probably not as exciting as the stock market, which has such rapid ascents and descents that it keeps antacid sales booming. Yet, the RV business usually has sufficient volatility for most mature thrill-seekers.

Unfortunately, 1987, thus far, is boring. This year just keeps plugging along in a positive fashion. Although 1987 shows clear signs of being better than 1986, insatiable thrill-seekers will complain that the RV industry is not doing anything spectacular. Nothing has happened through the first quarter of '87 to cause either unbounded ecstasy or cardiac arrest.

However, for those who are happy to confine their sensation-seeking to amusement parks and the nation's wild rivers, the current RV picture is satisfying and rewarding.

Total RV shipments through the first quarter of 1987, as reported by the Recreation Vehicle Industry Association (RVIA) and adjusted for normal seasonal variations, were *up* by 2,670 units, or 2.6%, from a year ago. Shipments were running at a 415,000-unit annual pace; that is nearly 10,700 units higher than a year ago at this time. In March, total shipments were more than 3,000 units (10.4%) stronger than March 1986. *(See Figure 1.)* This strong gain followed a more modest 900-unit (2.7%) gain for February compared to the same month a year ago. Those substantial gains have wiped out the deficit of January, which trailed the opening month of 1986 by 1,300 units (3.4%).

The pattern of 1986 was still being followed in the first quarter of this year; that is, the first month was the strongest, and then there were declines in each month thereafter. Yet, the drop-off last year was much more severe than that experienced in 1987. Shipments for March a year ago were 8,800 units (23%) below January; this year, March came in at just 4,450 units (12%) below January.

Widespread Gains

For virtually every type of RV unit, March was a slower month than February. Total RV shipments were 1,900 units (5.5%) behind the preceding month. Those looking for distress could certainly find it in several market segments, as shown in the monthly comparisons of Figure 2. But realists will see that the year-to-date figures for eight of the 11 types of RV units, which are reported in Figure 2, showed increases.

Briefly, in the first quarter:

- Towables showed a *gain* of 3,150 units (9.3%).
- Motorhomes were *up* by 2,110 units (14.1%).
- Only van conversions were *down* by 2,630 units (5.1%).

Towables

In the towables group, conventional travel trailers were running a good 1,800 units ahead of a year ago for the quarter. At that rate, we should see about 65,500 units of this type shipped by year's end.

Truck campers were the star of the group. On a small vol-

GRAPHICS: CUSTOM COLOR VISUALS

Figure 2

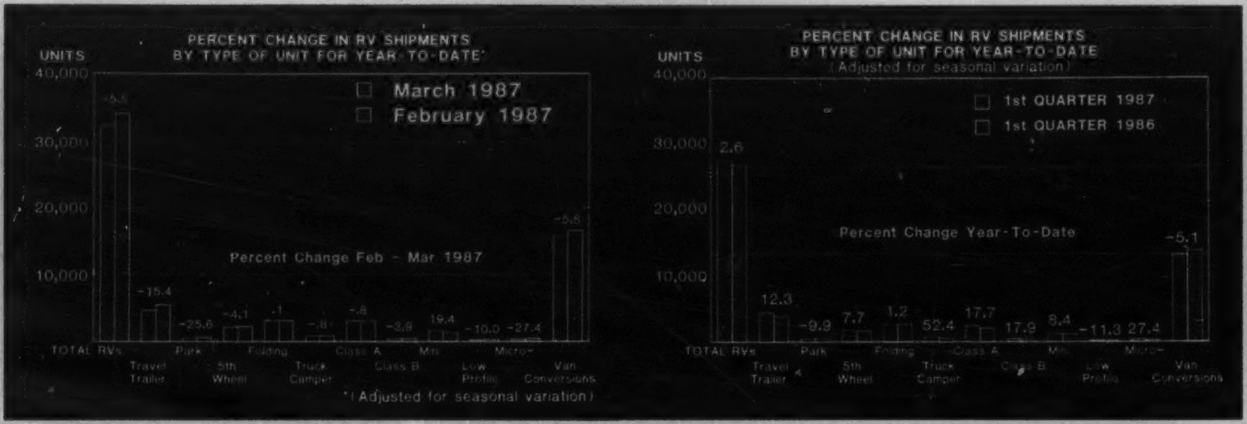


Figure 3

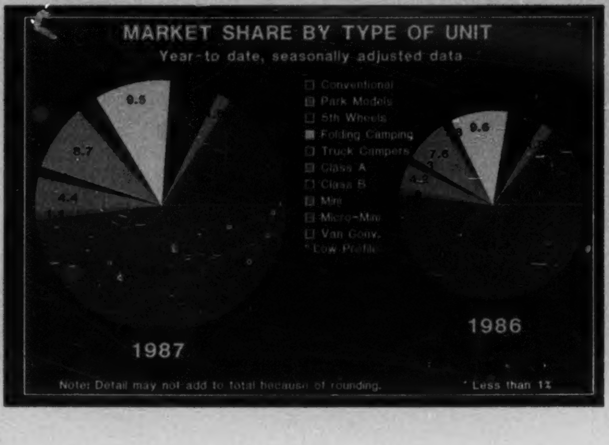
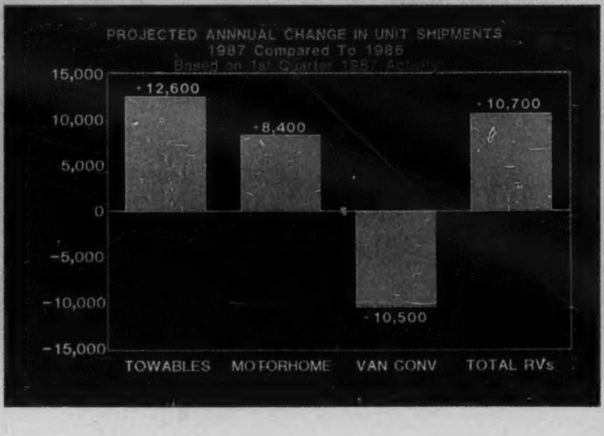


Figure 4



ume, they showed a major (52.4%) gain, advancing nearly 1,000 units from the first quarter last year and moving along at an 11,400-unit pace for the year.

Fifth-wheels showed a gain of nearly 500 units from last year at this point and will come in with 26,500 units for the year, if the first-quarter pace is maintained.

Folding camping trailers had a weak gain of just 100 units compared to 1986 and, at that pace, will total just below 40,000 units for the year.

The only down note in the towables group was sounded by the park trailers, which were off by nearly 10%, but by less than 200 units, and could be projected to deliver about 6,600 units for the year.

Motorhomes

Motorhomes looked almost uniformly strong. Both Class A and Class B units were up nearly 18% from the first quarter of 1986. The Class A units have climbed 1,360 units, to run at an annual shipment rate in excess of 36,000 units. Class B units were 230 units ahead of a year ago and seemed headed for a total of more than 6,000 units in 1987.

Class C units were a mixed group but were more than 500 units better than a year ago. Class C's are on their way, at that pace, to a 26,000-unit year. However, the variability in the group is shown by the fact that micro-mini C's were 27% ahead of a year ago, while low-profile C's were off by 11%.

Van Conversions

Van conversions were the sluggish portion of the market in the first quarter. Total shipments for the year-to-date were down more than 2,600 units, and March reinforced an already downward trend for the year.

At this time last year, van conversions were riding high. In the first quarter of 1986, they had captured 51.5% of the total RV market. *(See Figure 3).* But in the first quarter of this year, they held 47.6% of the market and were slipping.

The big gainers in market share were conventional travel trailers, which picked up 1.4 points, and Class A motorhomes, which gained 1.1 points. Together, these types of RVs have reclaimed two-thirds of the market share dropped by van conversions.

In the stock market, there are those who will tell you that the entire course of the market for the year can be predicted by the first week or the first month. But the projections of annual RV shipments provided above are not forecasts. Projections only state in annual terms what has happened up to the first quarter.

Seasoned RV industry people know that markets can change with distressing rapidity. The roller coaster can take a dizzy downward turn just when we think that the gentle upward climb will continue indefinitely. Afterall, monthly shipment data only tell us where we have been. We can use it to make projections, but you would never think of looking back from your seat in the roller coaster to anticipate where the darn thing will go next. In this business, wearing a seat belt is advised. Δ

Morton J. Marcus is director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

DAB PERSPECTIVE

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MAR. 1987	MAR. 1986	% CHANGE	1987	1986	% CHANGE	MAR. 1987	MAR. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	103	80	+29	224	215	+ 4	87	84	+ 4	225	231	− 3
TRAVEL TRAILERS	101	105	− 4	225	228	− 1	80	71	+13	195	161	+21
TRUCK CAMPERS	23	14	+64	56	41	+37	15	13	+15	27	20	+35
CAMPING TRAILERS	156	131	+19	324	319	+ 2	43	41	+ 5	79	62	+27
FIFTH-WHEELS	13	14	− 7	31	32	− 3	5	4	+25	18	11	+64

	FOR MONTH			YEAR-TO-DATE		
	MAR. 1987	MAR. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$9,387,274	$7,696,309	+22	$21,175,652	$19,703,725	+10
TOTAL UNIT SALES	626	557	+12	1,404	1,320	+ 6
NEW-UNIT SALES	396	344	+15	860	835	+ 3
USED-UNIT SALES	230	213	+ 8	544	485	+12

MARCH SALES BRIGHTER THAN USUAL

GAYLORD MAXWELL

The retail sales picture was brighter in March 1987 than it has been in a long time, according to the Dealer Advisory Board (DAB).

DAB March reports showed sales volume up by 22% for the group. And unit deliveries were 12% higher than March of '86—meaning more units at higher prices. Year-to-date figures were slightly lower, which indicates that the tempo is picking up.

Generally, the DAB's profit ratings indicated that grosses and bottomlines were up. More "excellents" were checked in March than we've seen in a long time. In new units, there were no "poors" checked at all—something very unusual.

Used units were still moving remarkably well, but profits had apparently dropped somewhat in March.

About half the DAB members rated their new-unit inventories as being too high. A few said they had too many used units in stock. Lot traffic seemed to be mixed, but about half of our reporters said that it was high.

Lest this report sound misleadingly optimistic, it should be pointed out that five of the board members were down in sales volume from the preceding March, and six were down year-to-date. In most cases, it was a small decrease, however.

Motorhomes

After the tremendous finish in '86, sales of motorhomes slipped at the beginning of the new year. Apparently, the pause was momentary, and sales were again on an upswing in March. Following a period of Class A domination of motorized sales, Class C's seemed to be picking up particularly well.

Profits for March were generally rated fair to good, but there were two excellent ratings.

Travel Trailers

The picture for trailers was quite good for several months, but it dimmed a bit in March. However, the negative numbers were quite small, and it would take very little to move them to the plus column.

Profits were generally rated fair to good by trailer dealers on the DAB, but, as with motorhomes, several dealers rated them excellent.

Truck Campers

Slide-ons are enjoying a modest comeback after many years in the doldrums. Percentage figures for the DAB are somewhat misleading because of the small unit base, but there's no doubt about the fact that sales are up.

Profits were rated good to excellent by the three members of the DAB who sell campers.

Camping Trailers

Camping trailers were the only type of towable in the plus column for DAB members, although the numbers were low. Most of the larger dealers of this type were running close to last year's figures.

Profit ratings ranged equally from fair to excellent.

Fifth-wheels

Fiver sales figures were almost the same for this March, and for the year-to-date, as in March '86.

Profits were rated fair to good for March. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 19 dealers representing a cross-section of the U.S. dealer body.

Gaylord Maxwell, chairman
Dave Altman, Baldwin Park, Calif.
Annette Autry-Miller, Fayetteville, N.C.
Robert Azevedo, Sunnyvale, Calif.
Jack Cole, North Hollywood, Calif.
Dick Dasson, Victor, N.Y.
Crosby Forrest, Newport News, Va.
Robert Helgeson, Seattle, Wash.
Newton Kindlund, Orlando, Fla.
Ozzie Lenhard, Sayville, N.Y.
Larry McClain, Oklahoma City, Okla.
Jack Moran, Warwick, R.I.
Wayne Peay, Albuquerque, N.M.
Edward Peterson, Lafayette, Ind.
William Pifer, Warren, Mich.
Tom Schaeffer, Shoemakersville, Pa.
Mel Shipp, Chattanooga, Tenn.
John Stewart, Salt Lake City, Utah
Bill Thomas, Bridgeton, Mo.
Fran Van Pelt, Aurora, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

JULY

10

1987

040287 07/87Z70Q115I5162RV1 **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY =800
BETHESDA MD 20814

C8950-2 -
7/13/87

RLY FORECAST: NO BOOM, BUT NO GLOOM EITHER 14
R TRENDS ARE GLOSSY, COLORFUL AND HIGH-TECH 28
USES TRUCKS AS TOWABLE SALES AID 38

V BUSINESS
JUL/10
1987

tudies Show Changes, s RV-Li se Stand

The RVIA Board of Direct took several important step its June 11 meeting in Washin ton, D.C., including a decision to consider changes in its major shows, a revision of its stand on the controversial issue of a special driver's license for RVers and the launching of a new van-conversion promotional program.

Show Changes Considered

The RVIA board has authorized a polling of all segments of the industry to see if there is sufficient desire to change the time and place of the National RV Trade Show traditionally held in Louisville, Ky.

The gesture recognizes that many manufacturers might prefer a trade-show scheduling that is closer to new-product release times, possibly in the fall. If a change is desired, however, the floor space required for such a show would allow only a few exhibition hall possibilities, according to RVIA staff.

Also in response to membership requests, a long-range plan for sponsorship of a West Coast spring retail show will be explored by RVIA. Concurrently, efforts to enhance attendance at the Dodger show in November will continue.

RV Licensing

A new position was adopted by the board regarding the current state drive to enact RV driver's licensing restrictions. RVIA s will no longer be di ted toward resisting state-initiated basic RV driving-skill tests for motorhomes of more than 26,000 pounds gross vehicle weight (gvw) and towables over 10,000 pounds. Instead, RVIA will focus on opposing state efforts to impose commercial skill and health requirements on RV drivers.

Van Conversions

A Burson-Marsteller van-conversion marketing proposal was accepted in part by the board. The board authorized expenditures of $116,000 for a *USA Today* advertorial on van conversions, a wraparound facsimile of a *USA Today* cover for a collection of van-conversion stories to be distributed at the upcoming National Automobile Dealers Association (NADA) show, a seminar on van conversions to be presented at the NADA show and the maintenance of a van-conversion news bureau. A short lifestyle video production proposed by Burson-Marsteller was not approved.

Regulatory Issues

The association also is asking the National Highway Traffic Safety Administration (NHTSA) for guidelines to be used in determining appropriate vehicle cargo-carrying capacities. The agency, thus far, has not clarified

continued on page 9

AUTO DEALERS WHO SELL RVS: Many dealers successfully combine auto and RV sales, but they admit that auto- and RV-sales strategies mix as well as oil and water. For a unique perspective on the RV market, turn to page 18.

Dealers Upset By 'Gypsy' Sales In East, South

Dealers and manufacturers in some Eastern and Southern states are complaining that increased activity from so-called "gypsy" peddlers with trailer-sale scams is causing a significant drop in sales by legitimate dealers.

The scam operation follows a predictable scenario that begins with a classified advertisement claiming that the trailer for sale is being sacrificed at an extremely low price because of a crisis in the owner's family. The trailer, which has been purchased directly from any one of a number of manufacturers in Indiana or Pennsylvania for as little as $5,000 or $6,000, is then represented as being a $15,000 to $18,000 unit that the owner will "sacrifice" for $9,000.

Unfortunately, those who take the bait usually find that the trailers are of very poor quality, that they have no warranty and that no legitimate RV dealer wants to service them. By the time the buyer discovers all this, however, he also finds that the seller has moved on and left no trace of his real identity, hence the term "gypsy dealer."

Grace Schmalenberg, president of the Centerville, Va., dealership Restless Wheels Inc., said that trailer-sale scams have reached such alarming numbers in that state that legitimate dealers are seeing a significant drop in their sales. "We have

continued on page 8

JULY 10, 1987 TWO DOLLARS **RV BUSINESS** VOLUME 38, NUMBER 7

TABLE OF CONTENTS

RV BAROMETER

Tarrant Leaves Ford RV Division 5

RV Manufacturing Is Among 10 Most Dangerous Jobs 6

House Hears Testimony on Proposed RV Crash Standards 7

RV People 12
Promotions and awards; also featured: Dave Humphreys, president of RVIA

DAB Perspective 13
Most dealers reported increased sales in April

Quarterly Forecast 14
There's no boom ahead for the industry, but no cause for gloom either

FEATURES

Auto Dealers Who Sell RVs 18
Dealers who successfully combine auto and RV sales offer a special perspective on the unique challenges of the RV market.

Exterior Trends 28
RV exteriors are heading for glossy, automotive styling, wider color choices and new high-tech processes and materials

DEPARTMENTS

Marketing Concepts 38
Spader's Camper Center shows how a pickup truck can help sell towables

Calendar 40

In Brief 42
Brief news items covering RV companies and associations

Profitmakers 46

Classified Advertising 50

Index to Advertisers 52

Commentary 54

28

18

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER: WESTOAKS CHRYSLER-DODGE INC., THOUSAND OAKS, CALIF.; PHOTO: PAUL PRIBBLE

DAB PERSPECTIVE

	[illegible]						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	APRIL 1987	APRIL 1986	% CHANGE	1987	1986	% CHANGE	APRIL 1987	APRIL 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	117	108	+ 8	355	327	+ 9	104	99	+ 5	385	354	+ 8
TRAVEL TRAILERS	115	86	+34	313	293	+12	105	118	−11	313	293	+ 7
TRUCK CAMPERS	25	20	+25	79	61	+30	11	10	+10	38	30	+27
CAMPING TRAILERS	121	126	− 4	457	470	− 5	52	37	+41	138	111	+24
FIFTH-WHEELS	24	18	+33	63	59	+ 7	15	12	+20	39	25	+ 6

	FOR MONTH			YEAR-TO-DATE		
	APRIL 1987	APRIL 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$10,845,033	$9,637,958	+13	$33,489,561	$30,759,980	+ 9
TOTAL UNIT SALES	689	634	+ 9	2,229	2,053	+ 9
NEW-UNIT SALES	402	358	+12	1,316	1,240	+ 6
USED-UNIT SALES	287	276	+ 4	913	813	+12

DEALERS REPORT APRIL SALES INCREASE

GAYLORD MAXWELL

By a margin of more than 2 to 1, RVB's Dealer Advisory Board (DAB) members reported increased sales for April '87 compared to last April. They also maintained the same pace year-to-date.

For the DAB in April, sales volume was up about 13%; the figure is 9% for the year-to-date. Four of the five new-unit categories were up for the month (only camping trailers showed a slight decrease); the same situation existed for the year-to-date. In April, four used categories were up (only travel trailers were down); year-to-date, all types were in the plus column.

In terms of profits, most dealers rated overall new-unit grosses good to fair for the month. Used units were rated good to excellent.

Dealers generally don't seem to be overstocked. New inventories were rated average to high, but used stocks were down for some dealers.

Overall, our DAB figures and reports indicated a relatively healthy retail front for the industry. Particularly significant was the fact that business seemed to be not only up but stable, with about a 10% average increase.

Motorhomes

To some extent, the sales picture for motorhome dealers on the DAB was erratic. Some had enormous increases over the previous April, and some had equally enormous sales flops. Overall, however, new-unit sales figures balanced out to a 9% increase. Generally, used-sales figures were slightly up for most dealers.

New-unit profit ratings were almost evenly distributed between good and fair, with only one excellent.

Travel Trailers

After a weak month in March, travel-trailer sales picked up in April. Of the 17 DAB members who stock this RV type, 14 were up in new-unit sales for the month, and only three were down. Used sales fell somewhat. Year-to-date, both new and used were in the plus column.

Profits were generally rated good to fair, with a couple of excellents.

Truck Campers

April was a good month for both new- and used-camper sales. Not many DAB dealers handle them, but those who do made sales. Profits were rated good.

Camping Trailers

Camping trailers have lagged in sales this year—not much, but enough to make it conspicuous as the only minus category in this report. Certainly, the bottom hasn't fallen out of the market for fold-downs, but about half of the DAB dealers of this type ran slightly behind last year in new-unit sales.

Profits were quite varied—with more checks in the good column, but a couple in the excellent and poor categories.

Fifth-wheels

In terms of percentages, new-unit sales were excellent for fivers in April; in units, the picture wasn't quite as bright. However, most dealers who stocked well, sold well.

Profit ratings ranged from excellent to fair.

Indications are that fivers will continue selling at a slightly "up" pace for the rest of '87. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross-section of the U.S. dealer body.

Gaylord Maxwell, chairman
Dave Altman, Baldwin Park, Calif.
Annette Autry-Miller, Fayetteville, N.C.
Robert Azevedo, Sunnyvale, Calif.
Jack Cole, North Hollywood, Calif.
Dick Dassen, Victor, N.Y.
Bill De Groot, Junction City, Ore.
Crosby Forrest, Newport News, Va.
Danny Gamel, Fresno, Calif.
Jerry Greer, Columbus, Ohio
Jerry Harrison, Waco, Texas
Dottie Helgesen, Seattle, Wash.
Newton Kindlund, Orlando, Fla.
Ozzie Lenhard, Sayville, N.Y.
Larry McClain, Oklahoma City, Okla.
Jack Moran, Warwick, R.I.
Mike Peay, Albuquerque, N.M.
Edward Petersen, Lafayette, Ind.
William Pifer, Warren, Mich.
Tom Schaeffer, Shoemakersville, Pa.
Mel Shipp, Chattanooga, Tenn.
Jack Sisemore, Amarillo, Texas
Bill Thomas, Bridgeton, Mo.
Fran Van Pelt, Aurora, Ill.
Larry Washburn, Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

QUARTERLY FORECAST

NO BOOM, BUT NO GLOOM

MORTON J. MARCUS

The American economy continues the business expansion begun in late 1982. The current forecast indicates no recession in either 1987 or '88.

Changes in leadership on the Federal Reserve Board of Governors should have little impact on the overall performance of the economy. Fed Chairman Alan Greenspan is unlikely to reverse the course set by Paul Volcker.

The second quarter of 1987 *(see Figure 1)* is likely to be the slowest quarter of the year as domestic automakers try to bring down inventories by cutting production and laying off workers. The strong showing of the economy in the first quarter reflected, in part, overproduction by those automakers.

Figure 1

GROWTH IN REAL GNP

(Seasonally adjusted annual rates)

Quarter	Percent
87:1	4.30
87:2	0.55
87:3	3.82
87:4	3.69
88:1	3.19
88:2	3.16
88:3	2.91
88:4	2.92
89:1	3.01

We, perhaps foolishly, assume that the automakers will get production and sales in harmony with each other. Then the economy will continue to grow rather nicely in 1987 and '88.

The annual rate of growth for this year, after adjustment for inflation, should be nearly 2.5%, improving in 1988 to 3.1%. Over the forecast period, the rate of growth is expected to moderate as higher interest rates take hold, but the economic expansion is not halted.

No stimulus to the economy is forthcoming from nonresidential business investment during 1987. The problems in agriculture and the energy industry continue. In addition, the 1986 tax-reform package has made business investment less attractive.

Residential spending also is forecast to drop from a 9% growth rate to less than a 3% rise in 1987 as interest rates creep upward. Tighter budgets keep the government sector from adding much to buying power in this or next year, as well.

Consumer spending, the most important aspect of all, slows in 1987 as auto sales weaken.

The federal deficit continued to grow in 1986. But this year there should be a reduction in the deficit, as seen in Figure 2. Tax revenues will rise by approximately $18 billion dollars, and some of that legislated windfall will be used to cut the deficit.

Figure 2

FEDERAL DEFICIT REDUCTION

Calendar year	Billions of dollars*
1986	−5.3
1987	11.5
1988	8.5

*1982 dollars; adjusted for inflation

The deficit reduction will take some pressure off financial markets, but the decline in the value of the dollar will mean that foreign investors will find U.S. debt instruments less attractive.

The net effect should be a rise in interest rates. The dollar has been moving lower from its 1985 peaks, and that movement is probably not at an end yet. It is difficult to say whether we should rejoice or become alarmed by the fall in the dollar. The prices of imports will rise, but, to the extent that domestic manufacturers can win back American and foreign customers, we also will see higher levels of output and employment in this country.

However, the increase in interest rates *(see Figure 3)* will not be enough to choke off the recovery. Short-term rates, as reflected in Treasury-bill rates, are expected to rise by about one full percentage point between now and this time next year. The prime rate could approach 10% by the end of 1988. Long-term rates, the basis for mortgages, should also climb but not with the same vigor as the short-term rates.

The decline in the dollar also is one of the stronger forces behind the rise in consumer prices. The worst of this inflationary pressure will probably occur this quarter. Nonetheless, we should be prepared for increases between 4.5% and 5% in this and next year. *(See Figure 4.)*

Figure 3

INTEREST RATES

Quarter	T-bill	Prime rate	AAA bond
87:1	5.53%	7.50%	8.37%
87:2	5.73	7.87	8.79
87:3	6.05	8.22	8.83
87:4	6.38	8.61	8.92
88:1	6.64	8.93	9.01
88:2	6.92	9.27	9.14
88:3	7.18	9.60	9.28
88:4	7.46	9.95	9.44
89:1	7.77	9.44	9.63

Figure 4

CONSUMER PRICE INDEX CHANGES

(Annual rates)

Quarter	% change
87:1	5.27%
87:2	5.73
87:3	4.92
87:4	4.45
88:1	4.42
88:2	4.49
88:3	4.57
88:4	4.66
89:1	4.83

Unemployment rates are expected to fall as the economy continues to grow. Even with rising inflation, the Misery Index, which is a combination of the unemployment rate and the percentage change in the Consumer Price Index should be just short of 10% in 1987 and '88.

Many economists would argue that the current "natural" rate of misery is about 9% (6% unemployment and 3% inflation). Hence, even at 10%, we should not be very miserable in the years ahead.

The RV Forecast

The improvement in the RV market in 1987 should be the best performance since the market's resurgence of 1983.

The industry's growth was retarded in 1986, as Americans were diverted to new homes and new cars by low interest rates. Now, in 1987, a 17.6% increase is forecast. Total shipments should rise to 452,800 units, followed by 487,200 units in 1988. *(See Chart 1.)*

This robust growth is helped by prospects that fuel prices will rise at about the same rate as consumer prices in general and that consumer incomes will continue to make moderate advances. Never quite in tune with general economic conditions, the RV market will be one of the strong segments of the American economy, if this forecast is accurate.

The predicted gains are impressive in all major market segments: 1987 is expected to see 31,600 more towable units, an added 17,100 motorhomes and 19,100 more van conversions. *(See Chart 2.)* The total shipments increase the numbers to 67,800 units.

In 1988, the expected gains are smaller: Total units climb by 34,400, with an added 17,600 towables, 10,100 more motorhomes and 6,600 more van conversions. The slowed growth of 1988 is due to the toll taken by the anticipated rise in interest rates.

These dramatic gains show up most clearly in percentage terms, as graphically shown in Chart 3. Towables and motorhomes both have gains in the neighborhood of 24% for 1987. Vans rise by a more moderate 10% bringing the percentage increase for the entire industry to 17.6% in 1987.

But, as can be seen, the gains are cut sharply in 1988. The total increase falls to 7.6%, with the increases for towables and motorhomes now in the 11% vicinity, while van conversions have a 3% gain.

Quarter by quarter and adjusted for normal seasonal fluctuations, Chart 4 shows that shipments of towables will peak in the summer of 1988. The forecast peak for motorhomes is reached somewhat earlier, most likely in the early spring months of 1988.

Van conversions, after falling consistently in 1986, showed good strength in early 1987, but are forecast to have lusterless growth for most of 1987 and 1988. After a robust gain in the first quarter of 1987, vans grow by just 6.3% from the second quarter of 1987 through the first quarter of 1989. This compares with a healthier 10.5% growth rate for towables and motorhomes combined during the same period.

The net effect of the difference between the growth of van conversions and other types of RVs becomes clear in the representation of market shares in Chart 5. In 1986, van conversions had 47.3% of the RV market, but that position slips to 42.6% by 1988, when vans do not progress with the other major segments of the industry.

In contrast, the market share of towables moves up from 34.9% in 1986 to 37.7% in 1988, while the motorhome portion of the market

QUARTERLY FORECAST

Chart 1 ANNUAL RV SHIPMENTS

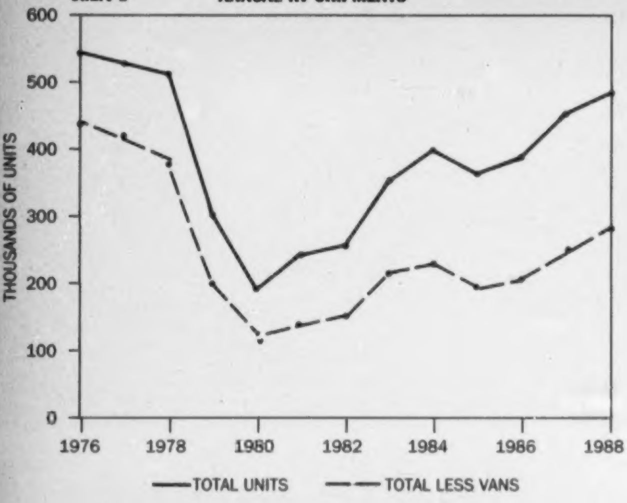


Chart 2 ANNUAL RV SHIPMENTS

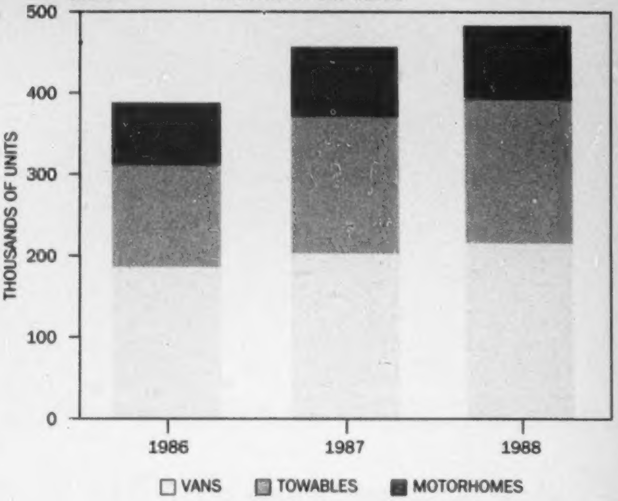


Chart 3 ANNUAL PERCENT CHANGE IN RV SHIPMENTS

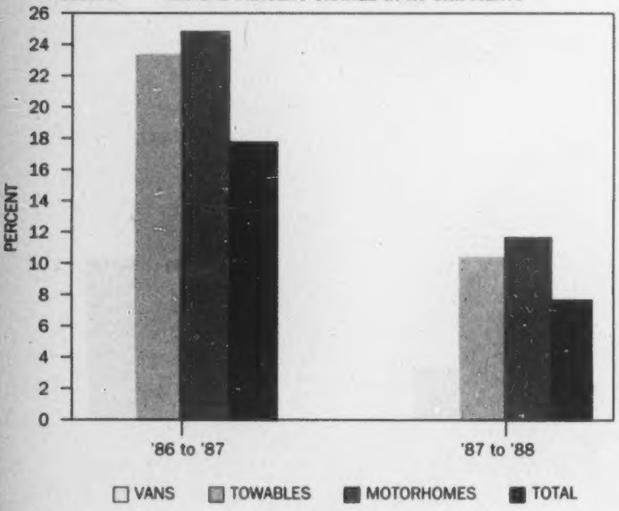


Chart 4 QUARTERLY RV SHIPMENTS

(Seasonally adjusted data)

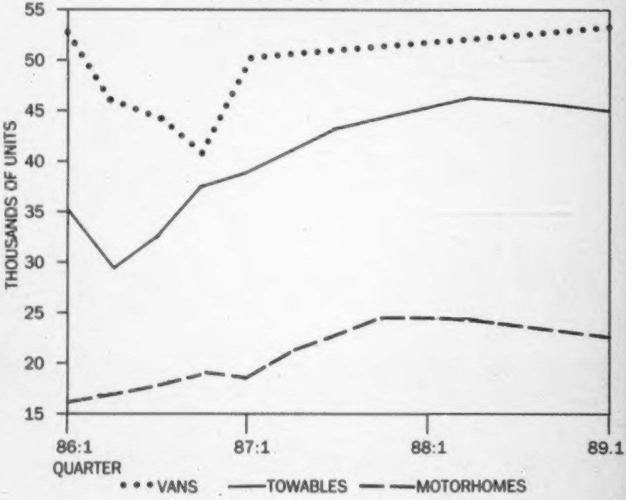
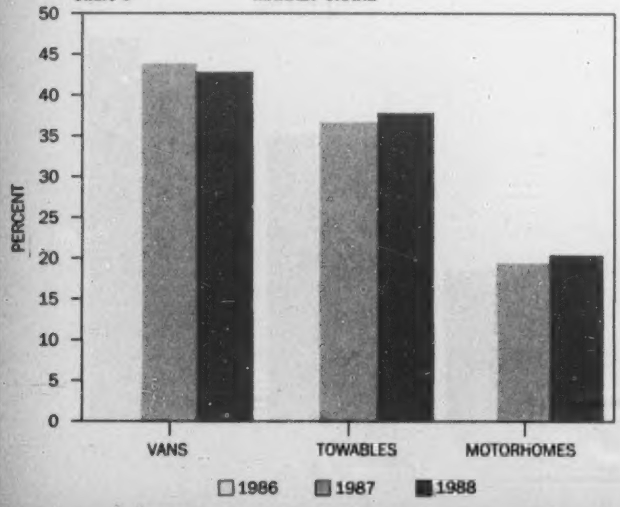


Chart 5 MARKET SHARE



advances from 17.8% to 19.7%.

Unfortunately, early indications for 1989 are not favorable. Rising interest rates and a continuing slowdown in economic growth could cause the RV market to decline in 1989. Motorhomes would lead the way down, followed by towables. Van-conversion growth would be flat, if our preliminary view of 1989 becomes reality.

Should interest rates rise faster than we currently expect, or should petroleum prices move up faster than the general level of prices, then the slowing economic pace now forecast for 1988 could turn to a crawl, and this forecast would seem overly optimistic.

Indeed, the risks of this forecast, we believe, are primarily on the downside. History may judge our current predictions as the high point of an enthusiasm fueled by the growth of the past five years. The optimistic view presented here is attainable—but the industry has to get all the breaks. Δ

This economic outlook was developed by the Indiana University School of Business. The national forecast was prepared under the direction of R. Jeffrey Green; the RV forecast was developed by Charles Hageboeck; graphics and text were written specifically for RV Business and are the work of Morton J. Marcus, director of the Indiana Business Research Center and a regular contributor to these pages.

C8950-2
9/1/87

TWO DOLLARS

INVERTERS: POTENTIALLY POPULAR POWER ALTERNATIVE 28

CRUISE-CONTROL REPAIR MADE EASY 36

HOW DEALERS CAN WOO PROSPECTIVE LENDERS 40

RV BUSINESS
JUL/24
1987

RVIA Seeks Extended 'Supplier Mart' at Dodger

RVIA has announced that it will implement several changes at its annual Dodger Show, to be held Nov. 3-11 in Los Angeles, as the result of a recent survey of dealers.

The survey showed that dealers believe the show, which currently attracts only about 40% of the dealer body available in the 11 Western states (not including Canada), would be improved by expansion of both supplier participation and educational-seminar offerings, said RVIA Dodger Show Director Cheryl Von.

In addressing the issue of supplier involvement, Von said that RVIA is "encouraging participation in our Suppliers Mart '87, which we hope to see continue. We'd like suppliers to consider maintaining their booths through public days. We'd like to see suppliers get together with dealers and warehouse distributors and keep their booths through the entire session. We have more than 50,000 people pass through the gate, and several rally groups are represented. Where else can you see that many people in less than a two-week period?"

"I'm anxious to see it happen," said Bob Lee, owner of Country Coach, Junction City,

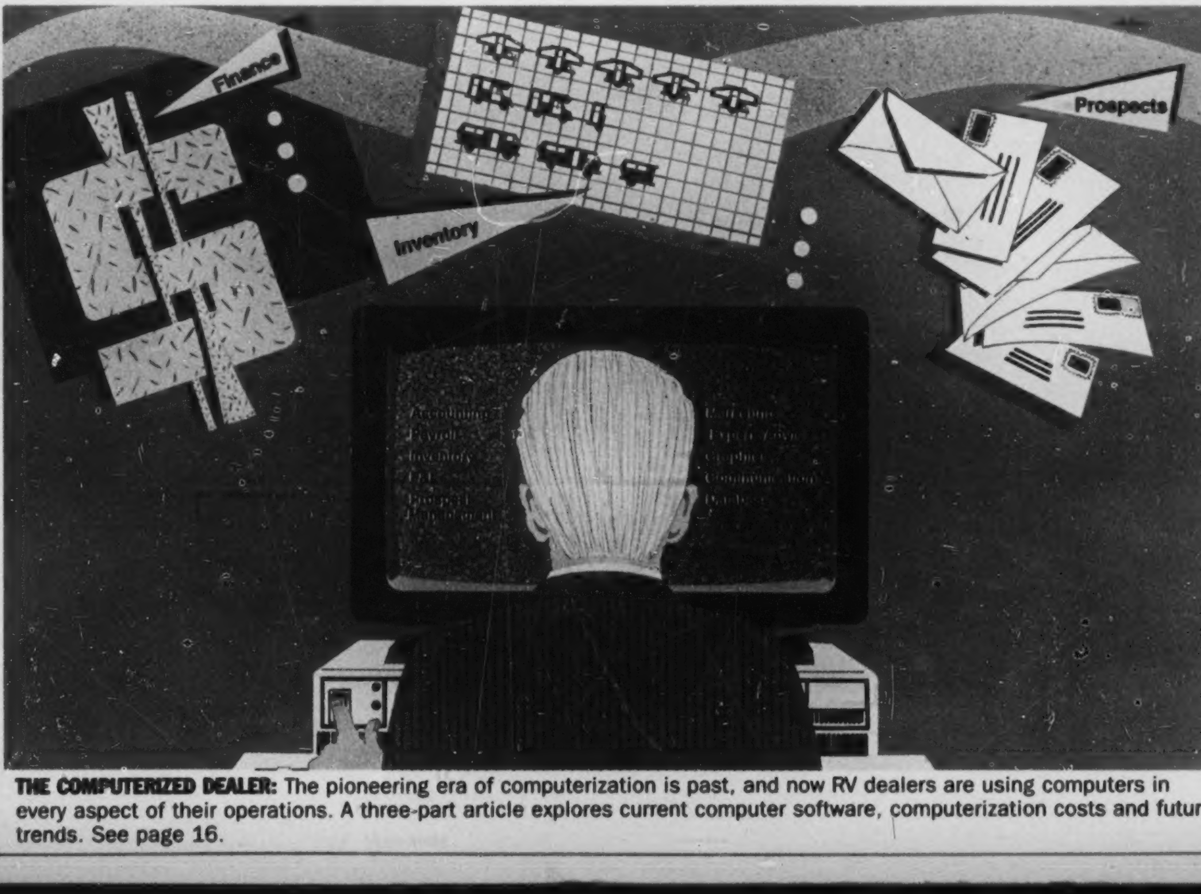
continued on page 8

NHTSA Studies Requiring Seat Belts in Vans, RVs

In response to increasing demands from congressional and consumer group, the National Highway Traffic Safety Administration (NHTSA) is considering mandatory lap-shoulder seat belts in the rear seats of all motor vehicles, including RVs.

NHTSA is now soliciting comments from the industry on the

continued on page 9



THE COMPUTERIZED DEALER: The pioneering era of computerization is past, and now RV dealers are using computers in every aspect of their operations. A three-part article explores current computer software, computerization costs and future trends. See page 16.

JULY 24, 1987 TWO DOLLARS **RV BAROMETER** VOLUME 38, NUMBER 8

TABLE OF CONTENTS

RV BAROMETER

Fleetwood Unveils Redesigned Southwind, Pace Arrow 5

Apalache Acquired; Expands Products, Marketing Thrust 7

RV Firms, Groups Join to Aid '87 Special Olympics 9

Blue Chip Consensus 9
Weaker economic growth now forecast for '87 and '88

RV People 10
Promotions and awards

RVIA Shipments 14
April's box score doesn't indicate a winning year—yet

FEATURES

The Computerized Dealer 16
The pioneering days of computerization are over; this three-part feature discusses how computers now affect every aspect of dealer operations.

Inverters 28
These portable, powerful and versatile power sources promise to garner a growing market following.

DEPARTMENTS

Service 36
Service departments should not shy from cruise-control repair

Finance 40
Some tips on how dealers can woo, and win, a prospective lender

In Brief 45
Brief news items covering RV companies and associations

Calendar 48

Profitmakers 50

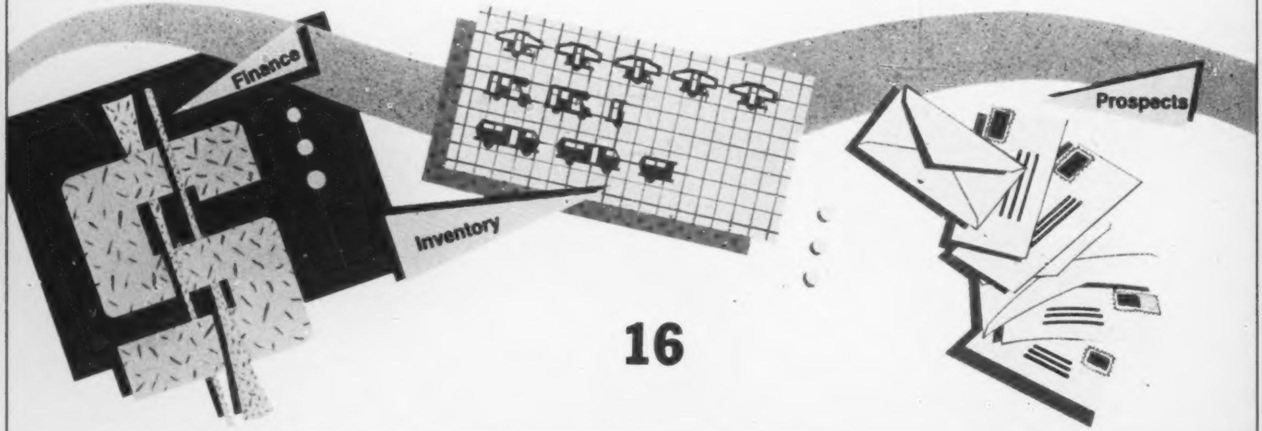
South Bend Show Preview 61
A preview of the South Bend show, including exhibitor listings, a calendar of events and a brief catalog of South Bend-area sights and activities

Classified Advertising 66

Readers' Forum 67

Index to Advertisers 68

Commentary 70



16

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory*, *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER ILLUSTRATION: ANDREA BELL

APRIL PROVIDES THE INDUSTRY'S EARLY BOX SCORE

MORTON J. MARCUS

April is a special month.

The professional baseball season has begun, and the end of the basketball and hockey seasons is in sight.

April is also the month when we begin to see whether the great hopes of spring training become big-league realities. Some teams get off to great starts, while others seem to fall from grace at the first pitch.

Well, this April, the RV industry did not live up to its spring-training promise. Not that the month was particularly bad; it just wasn't the big gainer promised by the performance of the two preceding months.

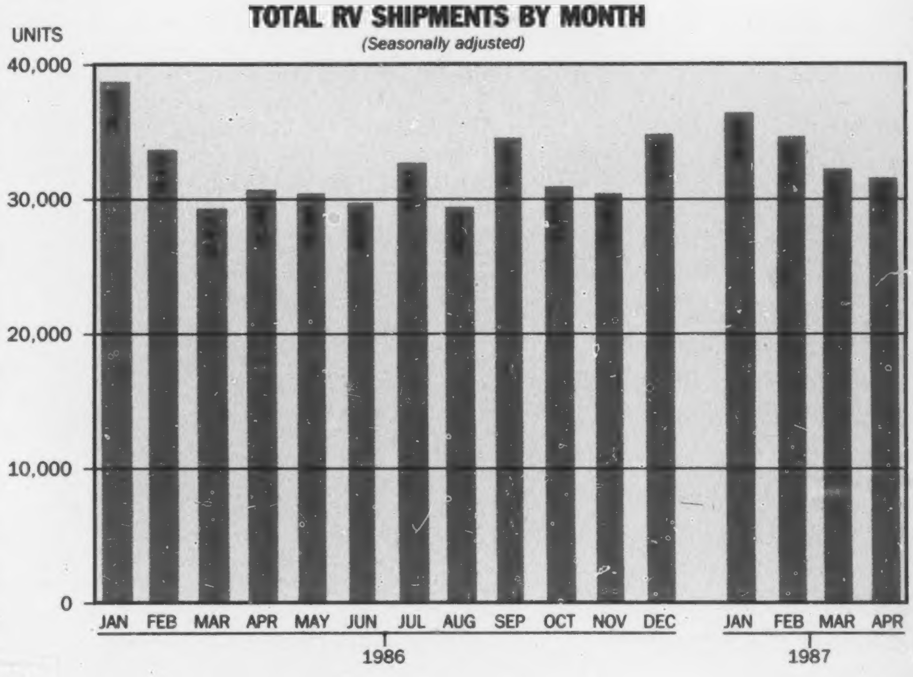
Total Shipments

RVIA data for April indicated a total of 40,400 units shipped, which sounds good—except that April is normally one of the strongest months of the year. Thus, when the data is adjusted for normal seasonal patterns, total shipments were equal to only 31,560 units, the lowest monthly total level so far this year. *(See Figure 1.)*

April 1987 was a meager 200 units (0.6%) better than April last year. This was especially disappointing when we remember that February was 2.7% above the totals for the same month a year earlier and that March was a strong 10.4% ahead of March 1986.

For the year-to-date, 1987 was running 2,900 (2.2%) units ahead of last year. But the April shipment numbers this year did not show the positive trend of a year ago. This year and last both started with strong January returns, followed by declines in February and March. But April 1986 provided a welcome improvement of nearly 2,000 units, or a 6.5% increase, above the March 1986 level. By contrast, this year's April shipments were down by more than 900 units, or almost 3%, from March.

Figure 1



For the year-to-date, total shipments were up 2,880 units or 2.2%.

The Detailed View

As is often the case, the more detailed view is less clear, but it is also somewhat more positive than the preceding analysis might lead us to expect. Remember that the March data showed a decline of 5.5% from February in total shipments. Hence, the 2.9% decline of April was a slowdown of the month-to-month decline so far this year. Second, in March, eight of the 11 types of RVs shown in Figure 2 registered declines; in April it was only seven of 11 RV types.

For example, in March, travel trailers dropped by 15.4% from the preceding month; in April, the decline was limited to just 2.3%. Park models turned around: After falling by nearly 26% in March, the April numbers came in 31% higher. Fifth-wheels also cut their losses, as the month-to-month decline fell from 4.1% in March to 1.6% in April. Thus, as a group, these three types of trailers were off for April by less than 1% compared to March shipments, and this after a 13.3% decline the preceding month.

Folding camping trailers seemed to be going nowhere. The level of shipments in February, March and April was virtually unchanged. Truck campers also have shown little change in the past few months, after a spectacular start to the year.

Class A motorhomes cut their decline slightly. Class B shipments, by contrast, soared by 38% (on small volume) after a decline in March of nearly 4%.

Class C units continued to grow as a group. After being up 8% in March, they followed through with a 6% gain in April. Class C minimotorhomes continued to advance, with a 14% gain on the heels of the 19% gain of March. Class C micro-minis turned a 27% decline into a 22% gain. However, low-profile units failed to stop the March slide and dropped another 25% in April, following the 10% fall of a month earlier.

Van conversions continued to be persistently weak perform-

RVIA SHIPMENTS

RV SHIPMENTS BY TYPE OF UNIT

(Seasonally adjusted data)

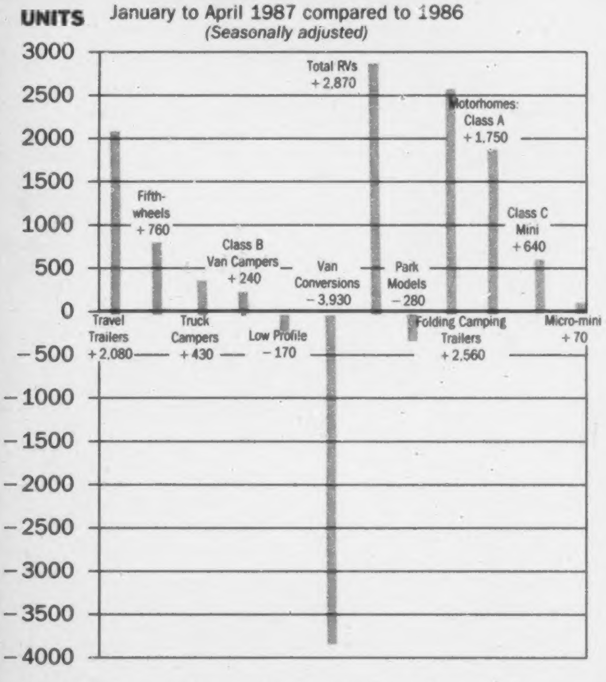
Type	Figure 2 March-April 1987	Figure 2 Percent Change From March	Figure 3 Year-to-Date 1987	Figure 3 Year-to-Date 1986	Figure 3 Percent Change
TOTAL RVs	31,560	– 2.9	135,380	132,500	2.2
Nonmotorized Units:					
Travel Trailers	4,560	– 2.3	20,920	18,840	11.1
Park Models	600	31.3	2,240	2,520	–11.1
Fifth-wheel	2,130	– 1.6	8,750	7,990	9.5
Folding Camping Trailers	3,080	– 0.7	12,900	12,470	3.4
Truck Campers	800	– 4.5	3,650	2,410	51.6
Motorhomes:					
Class A	3,010	– 1.0	12,030	10,280	17.0
Class B Van Campers	520	38.1	2,070	1,830	13.2
Class C					
Mini	1,800	14.0	6,400	5,770	11.1
Low Profile	160	–25.1	860	1,030	–16.7
Micro-mini	370	22.5	1,550	1,480	4.9
Van Conversions	14,590	– 7.1	64,030	67,960	– 5.8

NOTE: Detail may not add to total because of rounding.

Figure 4

WINNERS AND LOSERS

January to April 1987 compared to 1986
(Seasonally adjusted)



NOTE: Detail may not add to total because of rounding and seasonal-adjustment procedures.

Figure 5

MARKET SHARE BY TYPE OF UNIT

January to April 1987 compared to 1986

TYPE	1987	1986
Total RVs	100.0%	100.0%
Nonmotorized Units:		
Travel Trailers	15.5	14.2
Park Models	1.7	1.9
Fifth-wheels	6.5	6.0
Folding Camping Trailers	9.5	9.4
Truck Campers	2.7	1.8
Motorhomes		
Class A	8.9	7.8
Class B Van Campers	1.5	1.4
Class C:		
Mini	4.7	4.4
Low Profile	.6	.8
Micro-mini	1.1	1.1
Van Conversions	47.3	51.3

Note: Detail may not add to total because of rounding.

ers. In February, shipments totaled more than 16,600 units; by April they had dropped 2,000 units below that level, to 14,600 units, for a decline of 12%.

The Positive Side

When the year-to-date numbers in Figure 3 are considered, an overall positive picture for 1987 is clear. Total units were *up* by nearly 2,900 units by the end of April, and the industry was heading for a 406,000-unit year. All segments looked good with only three exceptions: park models, low-profile Class C's and van conversions. Figure 4 makes that trend most clear.

Of the 11 RV types, eight were winners. Their volume was up by more than 7,200 units, of which travel trailers accounted for nearly 2,100 units (29%). The biggest winner through April of this year was the folding camping trailer, which was *up* by 2,560 units, or 36% of the total increase in volume.

The decline in volume of shipments through April was close to 4,400 units, with van conversions alone accounting for more than 3,900 units (90%) of that drop. If van conversions are left out of the picture for the industry, the view is very positive: RV shipments (less vans) were running 6,800 units ahead of last year for the same period, a most respectable gain of 10.5%.

The Big Question Mark

Baseball fans in San Francisco and Chicago always sit through June waiting for the big collapse. Their teams are noted for that. Similarly, the signs of April suggest that, even though the standings in the RV industry look good, there are areas of concern about a possible collapse.

The March and April numbers have many negative points. Even though April showed improvement, it will take a strong May report before we can dream the eternal dream of a truly strong year. The quarterly forecasts published earlier *(RV Business, July 10, 1987, p. 14)* indicated that such a year may lie ahead. The monthly data bolster such hopes, but the complete picture is, as yet, far from settled. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

8/25/87 C8950-2

TWO DOLLARS

SELECTING A DEALERSHIP SITE 38

DEALER'S SHOW SUCCEEDS BY INVITING COMPETITORS 46

SOUTH BEND SHOW GUIDE 67

RV BUSINESS

AUG/7

1 9 8 7

California Law May Limit Chassis Supply

Motorhome manufacturers are facing the prospect of shortages on some Chevrolet chassis for California, due to a regulatory glitch that will prevent shipment of most 1988 model chassis for the California market until late this year.

The imminent shortages are the result of a change in California law to permit that state to collect noncompliance penalties from vehicle manufacturers whose engines do not meet California emissions standards. Such fees, commonly referred to as "pay to pollute" penalties have been charged and c[illegible]lected on a federal level by the Environmental Protection Agency (EPA) in recent years. The new California law provides that the fees levied on nonconforming vehicles must be collected and retained by the California Air Resources Board (CARB).

Because that California law is in direct conflict with existing EPA provisions, the federal and [illegible]gencies must reach an ac[illegible]ation on the conflicting [illegible]ions. Until such an accommodation is reached, Chevrolet chassis shipments for California must be halted.

Chuck Elder, engineer for General Motor Corp.'s environmental-activities staff, said, "The bottomline is that we are not going to be able to produce any

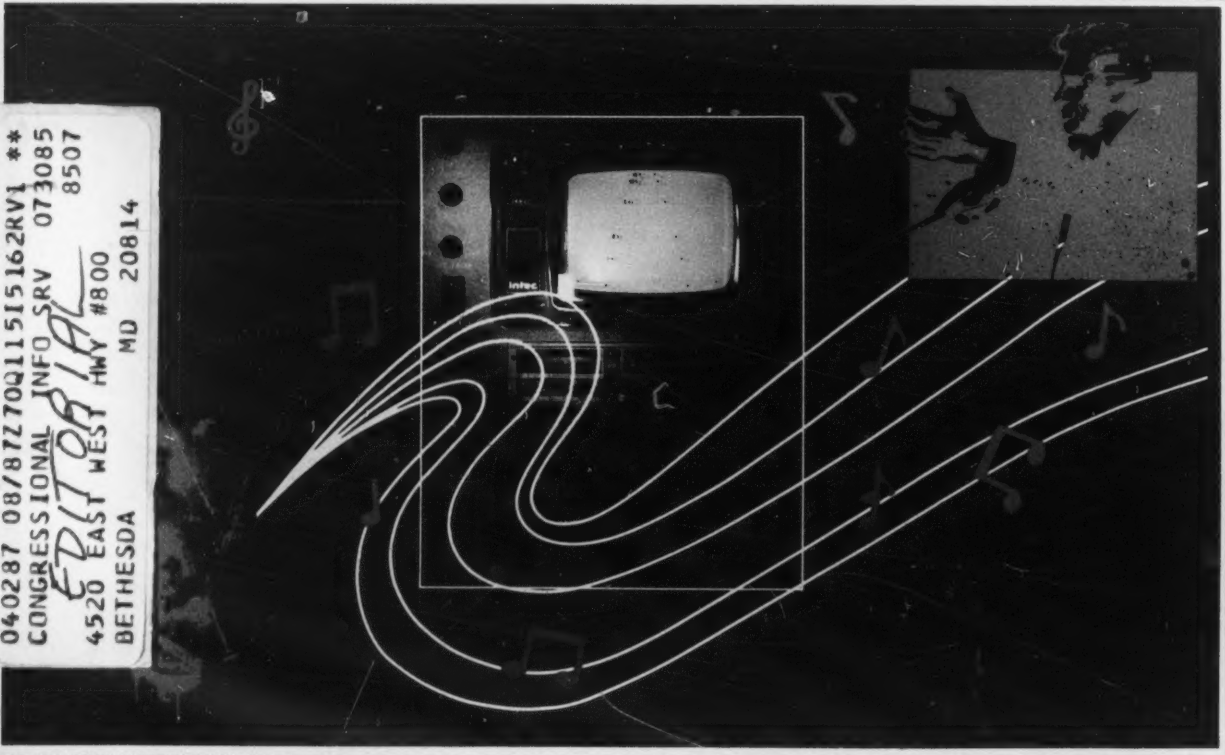
continued on page 12

Coast RV Plans To Market Under Its Own Label

Coast RV Inc., San Jose, Calif., one of the largest distributors of RV aftermarket parts, is developing plans to sell goods under its own label, confirmed Dave Berger, marketing director at Coast RV.

Coast officials said the private-label plan is part of a larger program to improve merchan-

continued on page 10



040287 08/87Z70Q11515162RV1 **
CONGRESSIONAL INFO SRV 073085
4520 EAST WEST HWY #800 8507
BETHESDA MD 20814

EDITORIAL

THE RV SOUND SPECTRUM: RV dealers are missing out on profits by failing to market upgraded RV sound systems at a time when demand for top-of-the-line audio products is growing. See page 26.

AUG. 7, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 9

TABLE OF CONTENTS

RV BAROMETER

Investment Group Buys Monaco Assets 7

Management Buys Starcraft 9

RV Industry Supports America-China Caravan 11

RV People 14
Promotions and awards

WDA Aftermarket 18
First-quarter aftermarket sales were up by 22%, while inventories were down.

DAB Perspective 24
Dealers reported good sales figures in May.

FEATURES

The RV Sound Spectrum 26
Dealers may be missing out on "unheard of" profits by failing to market upgraded RV sound systems.

Choosing a Dealership Location 38
Some simple procedures are provided to help dealers take the guesswork out of choosing the right retail site.

South Bend Show Guide 67
Floorplans, exhibitor listings, a calendar of events, and a guide to local restaurants will help attendees enjoy the annual South Bend RV show.

DEPARTMENTS

Marketing Concepts 46
Oregon's Siskiyou RV World stages an annual crowd-pleasing "Super Show"—and invites competitors to join in the success.

Michigan's Perkins Family RV Center has developed a new profit center with an RVing seminar focused exclusively on retirees. 50

Finance 52
The impact of tax reform remains one of the biggest financial questions of 1987. A CIT Group Inc. study provides some answers.

Legal 54
Don't let your landlord dictate the terms of your lease! Here are some tips on how to write a lease in favor of the tenant.

Calendar 57

In Brief 65
Brief news items covering RV companies and associations.

Profitmakers 76

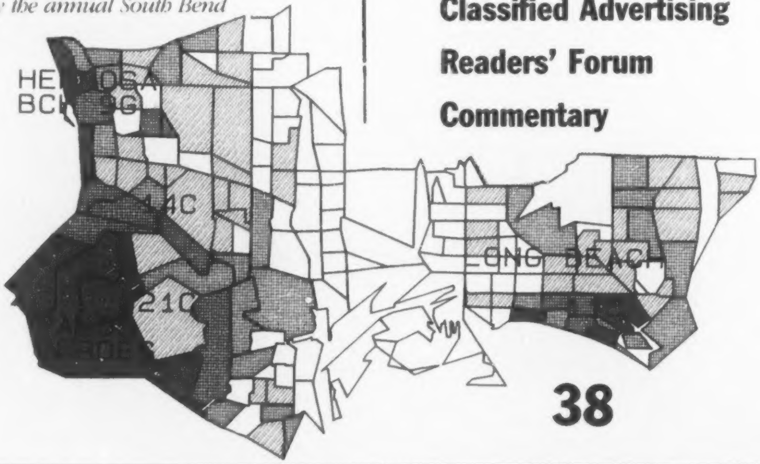
Index to Advertisers 91

Forecast 92
Regional growth prospects for '87 and '88 indicate that economies in some depressed states may soon be picking up.

Classified Advertising 94

Readers' Forum 97

Commentary 98



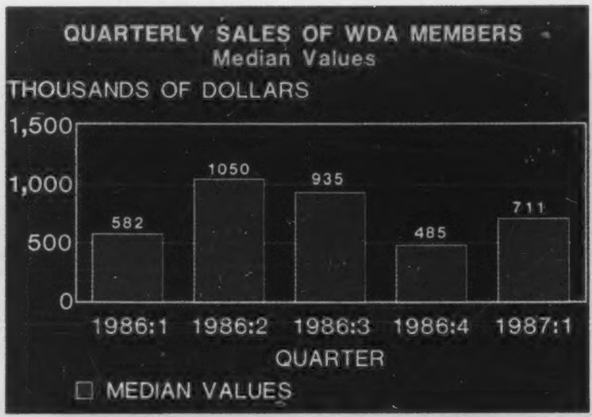
38

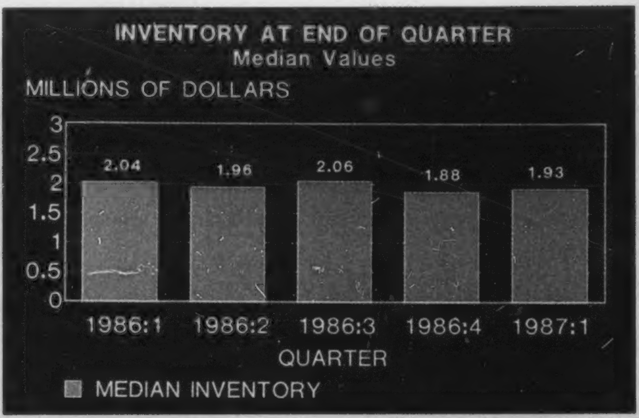
RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory*, *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

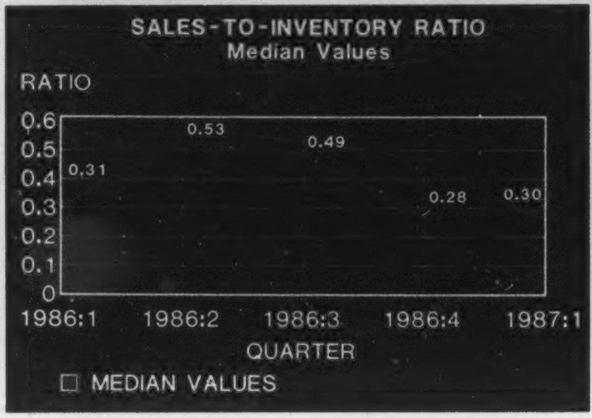
COVER: PHOTO OF SOUND-SYSTEM ARRAY COURTESY OF NEWELL COACH CORP., MIAMI, OKLA.

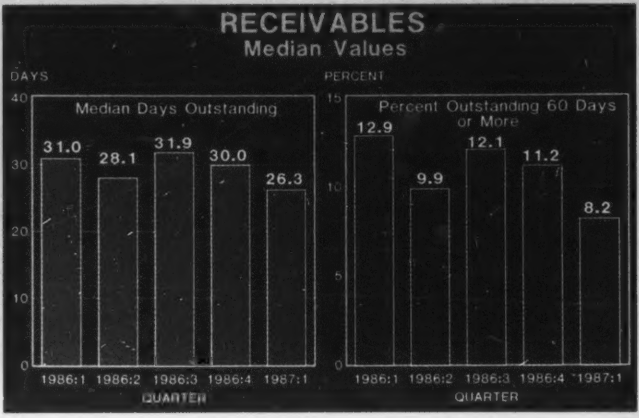
FIRST QUARTER SALES UP 22%, INVENTORIES DOWN

MORTON J. MARCUS









Survey results from members of the Warehouse Distributors Association (WDA) reveal an increase of 22.2% in average sales for the first quarter of 1987 compared with the same period a year ago. The median sales figure at the start of this year was $711,000, *up* $129,000 from the first quarter of '86. This first-quarter sales figure was also a sharp increase from the $485,200 (revised) median-sales figure of the last quarter in 1986.

These results were obtained from the quarterly statistical survey conducted by WDA. Thirty-six member firms participated in the survey for the first quarter of '87, compared with 39 participating firms a year earlier. U.S. firms reported a slightly lower improvement than their Canadian cousins. In each case, the figures were computed in the dollars of the nation involved.

The higher first-quarter sales were being achieved on slightly lower inventories, according to the survey. The median inventory level reported at the end of the first quarter in 1987 was 5.4% lower than at the same time in 1986. This means that wholesalers were turning over their stock more rapidly. That fact did not show up in the median sales-to-inventory ratio, which held steady at 0.3, but was confirmed by the mean sales-to-inventory value, which rose from 0.34 to 0.39.

Often, we need to look at different statistics to get at what is really happening. The median indicates that half of the firms are above and half below a certain number; the mean is the ordinary average of a group of numbers, and it is more affected by extremes than is the median. In the case of the sales-to-inventory ratio, the mean is the most meaningful figure. Thus, there would seem to be tighter control of inventories and a closer relationship between inventories and sales among WDA members in 1987 than in 1986.

Receivables also improved in the first quarter of 1987 compared with the same three-month period in 1986. The average number of days for accounts receivable was down by nearly five days, falling from 31 days to just over 26 days. This could be indicative of better management by WDA member firms and/or improved business conditions for customers. In either case, members should be enjoying better cash flow from quicker collections. This improvement, however, was limited to U.S. firms, for which the

GRAPHICS: CUSTOM COLOR VISUALS

median days fell from 30 to 23 days; Canadian firms showed an increase from 32 to 34 days.

The improvement in the receivables figure was most notable in the percent of receivables of 60 days or more. Here, the median value fell from nearly 13% to just over 8%. Again, the improvement was for U.S. firms only; Canadian firms reported an increase in percent of receivables 60 days and older, a rise from 13% to 15%.

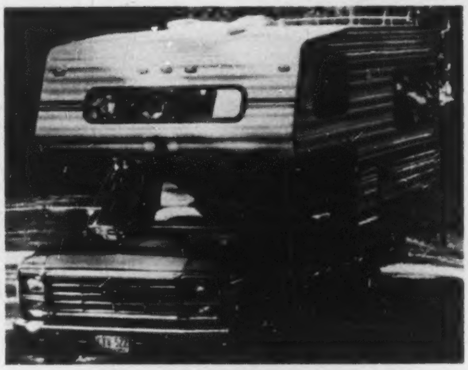
> *There would seem to be tighter control of inventories in '87 than in '86.*

These aftermarket data were obtained from the confidential reports sent voluntarily by WDA members firms to the Indiana Business Research Center at Indiana University. Each participating WDA member received a private report in which that firm's record over the past five quarters was compared with industry averages. Δ

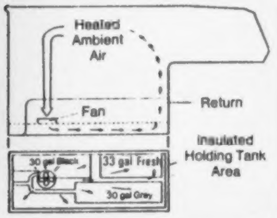
Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

CONESTOGA
A Tradition in Family Camping Since 1964

AlaskaPack
Just what you've been looking for ...



The fisherman, hunter, skier, snowmobiler, or just plain cold weather enthusiast will enjoy Conestoga's Alaska Pack that protects your holding tanks from freezing.



Conestoga uses: 1. The best insulation 2. Excellent tank placement 3. Forced air system around the tanks.

Only Conestoga offers you such holding tank capacity and protection when you need it most, with 33 gal. fresh water, 30 gal. gray water and 30 gal. black water tanks built right in the floor for balance, roadability and convenience.

Manufacturer of Fifth Wheels, Canopies and custom-built units for pleasure or industry

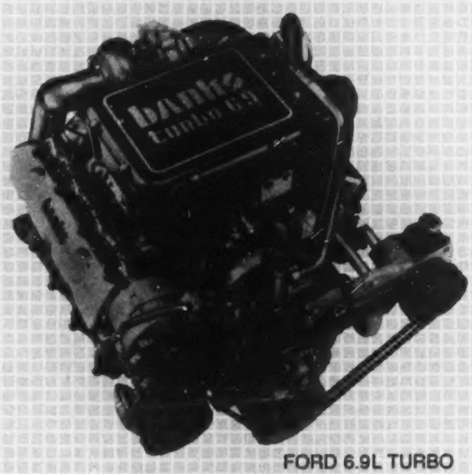
CONESTOGA MFG. CO.
P.O. Box 496, Woodburn, OR 97071
503/634-2235

Call Ralph Palmer for Dealership Information

Conestoga, Circle 15 on Reader Service Card

LET BANKS *BOOST* YOUR PROFITS

BY FEATURING THE "NO. 1" ASKED FOR DIESEL TURBO SYSTEM



FORD 6.9L TURBO
GM 6.2L TURBO ALSO AVAILABLE

Why Use Banks?
- Pre-Sold Products
- Easy Installation
- Factory Certified Training
- Lead/Referral Program
- Major Show Support
- Massive National Advertising
- Extensive Magazine Editorial Coverage
- Emissions Legal In All 50 States
- Corporate Co-op Programs
- 12 Month/Unlimited Mileage Warranty
- Banks Is The Leader In Turbocharging Technology

Please call for details about a Banks Program

banks™ YOUR TRUCK POWER PEOPLE℠ "SINCE 1958"

Gale Banks Engineering, 546 Duggan Ave., Dept. 404, Azusa, CA 91702 (818) 969-9605

© 1987 GALE BANKS ENGINEERING

Gale Banks, Circle 9 on Reader Service Card

DAB PERSPECTIVE

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MAY 1987	MAY 1986	% CHANGE	1987	1986	% CHANGE	MAY 1987	MAY 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	156	153	+ 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRAVEL TRAILERS	144	149	− 3	583	560	+ 4	111	144	−23	500	528	− 5
TRUCK CAMPERS	28	24	+17	118	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CAMPING TRAILERS	146	123	+19	617	628	− 2	43	54	−20	187	173	+ 8
FIFTH-WHEELS	27	31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	FOR MONTH			YEAR-TO-DATE		
	MAY 1987	MAY 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNIT SALES	820	839	− 2	3,584	3,470	+ 3
NEW-UNIT SALES	501	480	[illegible]	[illegible]	[illegible]	[illegible]
USED-UNIT SALES	319	359	−11	1,496	1,462	+ 2

DEALERS REPORT GOOD SALES IN MAY

GAYLORD MAXWELL

May was a good month for most of *RV Business'* Dealer Advistory Board (DAB) members. Two-thirds of them took in more dollars than they did in May 1986.

However, due to significant sales drops by three DAB members, dollar volume for the month was down slightly. Three of the five RV types were up in new-unit sales (motorhomes, truck campers and camping trailers), and two were down (travel trailers and fifth-wheels).

Used units generally fared poorly for the month. Four of the five categories were down. Only motorhomes managed to post a better record than last year. Although many DAB members rated used sales as good, others rated them as only fair or poor.

Accessory sales were generally rated from good to excellent. Grosses were rated fair to good. Net profits were quite mixed with many fair but several good ratings, and some poor reports were balanced by one excellent.

New-inventory ratings indicated that some dealers were loaded; the used picture was more varied. Lot traffic was rated a bit on the low side, and first-time buyers were a bit scarce, according to some DAB members.

Year-to-date, the picture was quite bright. In terms of both new and used units and dollars taken in, the DAB collectively was ahead of the previous year. As is commonly the case, a few dealers were setting new sales and profit records, while others were barely keeping their heads above water. Most were running fairly close to 1987 figures, and, unless something drastic happens in the marketplace, that's where they'll end up this year.

Motorhomes

This is definitely the strongest category at this time—the only one of the five RV types to score solid sales pluses for both the month and the year-to-date on both new and used units.

New-unit sales edged slightly ahead of last year's figures. Although the number of DAB dealers in the plus column outnumbered those who were down by 2-to-1, a few of the big dealerships were down significantly, and, consequently, they brought down the average.

Used sales were quite strong. Profits were on the high side, with most ratings in the good column. Three dealers rated profits as excellent, and no one marked poor.

All indications are that motorhome sales will continue to be relatively strong.

Travel Trailers

The slight dip in new-unit sales by the DAB in May was quite a switch from strong April sales and has brought down the year-to-date lead over last year. However, the picture is somewhat distorted by the fact that one very large trailer dealer on the DAB closed a branch operation recently, which brought down the dealership's sales and that of the DAB considerably.

Most members of the board were either ahead of, or close to, last May's figures. Profit ratings for new units ranged from fair to excellent; good was checked most frequently.

Used sales skidded even more than new, with two-thirds of the DAB members reporting their figures down from the previous May.

However, the travel-trailer picture generally still looks good. The average dealer should end up slightly ahead of 1986.

Truck Campers

Renewed interest at the manufacturer level may account for the fact that more dealers are taking a fresh look at stocking this RV type. Most dealers who do not specialize in campers aren't getting numbers they would like, but most are getting respectable grosses on the few units they do sell.

Used sales fell drastically in May, but year-to-date, the numbers were up for new and used units. Profits were rated as good.

With the prices of motorhomes going off the wall, the truck camper is in an excellent position to become a "viable alternative" for those whose incomes can't cope with a motorhome price or payment. Some dealers will capitalize on that situation.

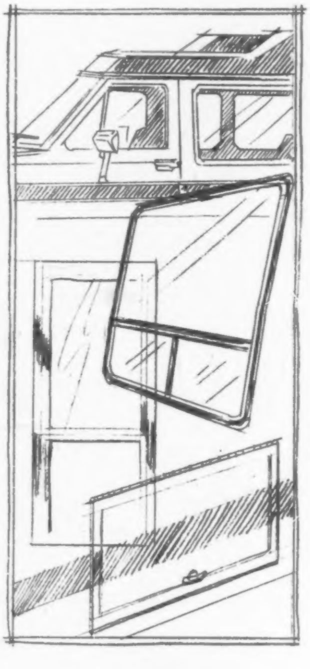
Camping Trailers

After limping along during the early part of the season, it appeared that fold-downs were beginning to get a better share of the market by May. For DAB

continued on page 96

Sealex II
Multiseal™

Automotive Quality Weather Stripping for Vans and RV'S.



Now you can seal up leaky profits with leak-proof Sealex II Multiseal. Made of EPDM/closed cell material, our Multiseal outperforms foam, caulk, butyl and putty tape. It does not attract dirt or dry out. It is not affected by sunlight, ultra violet rays, ozone or moisture, and can withstand extreme temperatures.

You'll find this durable sealant is versatile as well. Available in a variety of sizes, Multiseal is also moldable to fit just about any shape. Seal window frames, door frames, lids, High Tops, caps, roofs, wheel wells — virtually any surface where two materials meet.

And because Multiseal can be applied in one quick and clean application — you'll be able to save time and money.

Call about Sealex II Multiseal TODAY!

Sealex
"Our Reputation is leak proof"
(219) 262-2574
613 S. 4th St. / P.O. Box 68 · Elkhart, IN 46515

Sealex, Circle 66 on Reader Service Card

THEY'RE HERE . . . the 1988's!!!

THE: Roughian® - 18'
Begina® - 18'
Progressa® - 21'

THE ENTRA
OO SERIES

Built By
SCOTTY

Concept & Design By Rogue, Ind.

FOR INFORMATION WRITE:
The Scotty Co.
Rt. 2, Box 103
Ashburn, GA. 31714
912-567-3317

Rogue, Circle 61 on Reader Service Card

PERSPECTIVE *from page 24*

members, new-unit sales for May were the best for any types in this report. Year-to-date, the numbers were still a little short of those for last year, but, if the pace continues, that will change in June.

Profits were quite varied, with about an equal number of dealers in each column from poor to excellent.

Fold-downs and families go together, and there are lots of families. Dealers should be putting the two together faster than they are.

Fifth-wheels

No member of the DAB gets big numbers in fivers; consequently, a few unit sales—up or down—can dramatically influence percentages. For example, May's 13% drop in new-unit sales meant only that four fewer were sold than last May. The 37% drop in used units reflected a unit drop of seven.

New-unit sales of fold-downs in May were the best for any RV types.

However, May was definitely not one of the better months for sales of this type. Profits fell, too, with ratings ranging from fair to good.

Since sales were still up year-to-date, an obvious conclusion would be that sales in May were atypical, and that sales generally will stay on the up side. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross-section of the U.S. dealer body.

Gaylord Maxwell, chairman
Dave Altman, Baldwin Park, Calif.
Annette Autry-Miller, Fayetteville, N.C.
Robert Azevedo, Sunnyvale, Calif.
Jack Cole, North Hollywood, Calif.
Dick Dasson, Victor, N.Y.
Bill De Groot, Junction City, Ore.
Crosby Forrest, Newport News, Va.
Danny Gamel, Fresno, Calif.
Jerry Greer, Columbus, Ohio
Jerry Harrison, Waco, Texas
Dottie Helgeson, Seattle, Wash.
Newton Kindlund, Orlando, Fla.
Ozzie Lenhard, Sayville, N.Y.
Larry McClain, Oklahoma City, Okla.
Jack Moran, Warwick, R.I.
Mike Peay, Albuquerque, N.M.
Edward Peterson, Lafayette, Ind.
William Pifer, Warren, Mich.
Tom Schaeffer, Shoemakersville, Pa.
Mel Shipp, Chattanooga, Tenn.
Jack Sisemore, Amarillo, Texas
Bill Thomas, Bridgeton, Mo.
Fran Van Pelt, Aurora, Ill.
Larry Washburn, Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

TWO DOLLARS

'CLEANING UP' IN THE MAINTENANCE MARKET 26

DEALER OVERCOMES DEPRESSED ECONOMY 32

HARRISBURG SHOW GUIDE 45

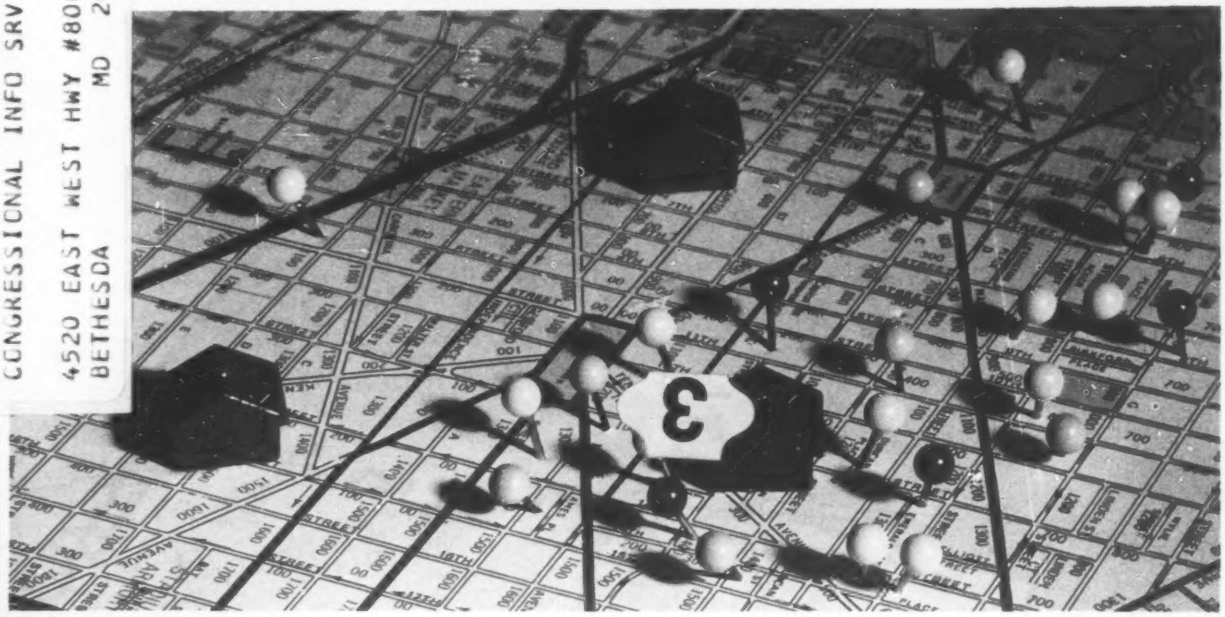
- C8950-2
8/25/87

RV BUSINESS

AUG/21

1987

040287 08/87Z70Q115I5162RV1 **
CCNGRESSICNAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814



DEVELOPING A DEALERSHIP SITE: Some simple tools can help dealers analyze their locations to improve sales and advertising strategies. See page 20.

NHTSA Starts On-site Weighing of Micro-minis

The National Highway Traffic Safety Administration (NHTSA) has announced that it is taking its defect investigation of micro-minimotorhomes into the field with a program of on-site motorhome weighing at campgrounds and dealers' lots.

According to a government source, the aim of the program is to accumulate data concerning load characteristics of micro-minis and to compare those figures with the dry weights published in sales literature distributed by micro-minimotorhome manufacturers.

"We are getting a lot of conflicting stories from manufacturers, who claim that they build their units at a certain weight that does not overload the chassis," said the government spokesman. "They argue that those units leave the factory with adequate payload capacity, and that it is the dealer and consumer who must share the responsibility for any possible overloading problems. So we are going to go out to selected campgrounds on the West Coast and in the Midwest to weigh micros. We are also going to go to dealers' lots in those areas and weigh any micro-minis that are being offered for sale."

A NHTSA spokesman added that the agency plans to urge micro-mini owners to have their rigs weighed and to submit those figures to the agency for comparison with the data gathered in the field. "We want to have as much documentation as possible as our investigation proceeds," he said.

The current NHTSA effort is similar to a field program initiated during the Class C-overloading investigations conducted more than a decade ago. It is the latest step in the government's ongoing micro-mini probe, which began last year. Δ—*Robert Longsdorf Jr.*

Van Conversion Owners Profiled By RVIA Study

As pa VIA's recently expandec erve the large van-conv ment of the RV indust ociation has released a ofile of van-conversion bu ers.

According to a study prepared by the public relations firm of Burson-Marsteller, the typical van-conversion owner is middle-aged and has above-average income and family size. He or she also likes to travel, enjoys outdoor recreation and shares many other traits with the traditional RVer.

continued on page 8

AUG. 21, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 10

TABLE OF CONTENTS

RV BAROMETER

National Coach Offers New Line of RV Shells 5

Federal Agency Rescinds Controversial Flood Rule 7

International Marketing: An Untapped RV Resource 9

RV People 10
Promotions and awards; also featured: Larry Washburn, TrailerLand, Lakewood, Colo.

RVIA Shipments 14
Looking ahead using a rearview mirror, May shipments indicated that '87 will still come in ahead of '86.

Blue Chip Consensus 16
A flat growth rate for '87 is forecast.

FEATURES

Developing a Dealership Site 20
By studying and exploiting geographical vices and virtues, a dealer can make the most of his location's profit potential.

The Maintenance Market 26
Dealers can "clean up" in sales of RV exterior maintenance products with the right product, sales and display strategies.

Harrisburg Show Guide 45
Floorplans, exhibitor listings and a calendar of events are provided for attendees at the Pennsylvania RV and Camping Association's RV Expo '88 in Harrisburg, Pa.

DEPARTMENTS

Marketing Concepts 32
Bullyan RV Center has been able to use an upbeat sales philosophy to keep growing in economically depressed Duluth, Minn.

Calendar 36

In Brief 37
Brief news items covering RV companies and associations; earnings reports.

Profitmakers 41

Index to Advertisers 43

Classified Advertising 49

Commentary 50

20

32

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year, $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory*, *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER PHOTO: DARRYL GRAY

LOOKING AHEAD USING A REARVIEW MIRROR

MORTON J. MARCUS

Business is thought to be a pragmatic and methodical activity. Yet those who have been in it for any length of time will tell you that business involves skills normally thought to be reserved for the arts.

In business, we have to be able to see what is before us by looking behind us—and then interpret that information based on our experience and understanding of the marketplace. The entire process is similar to driving a race car in the Indianapolis 500 by looking in the rearview mirror.

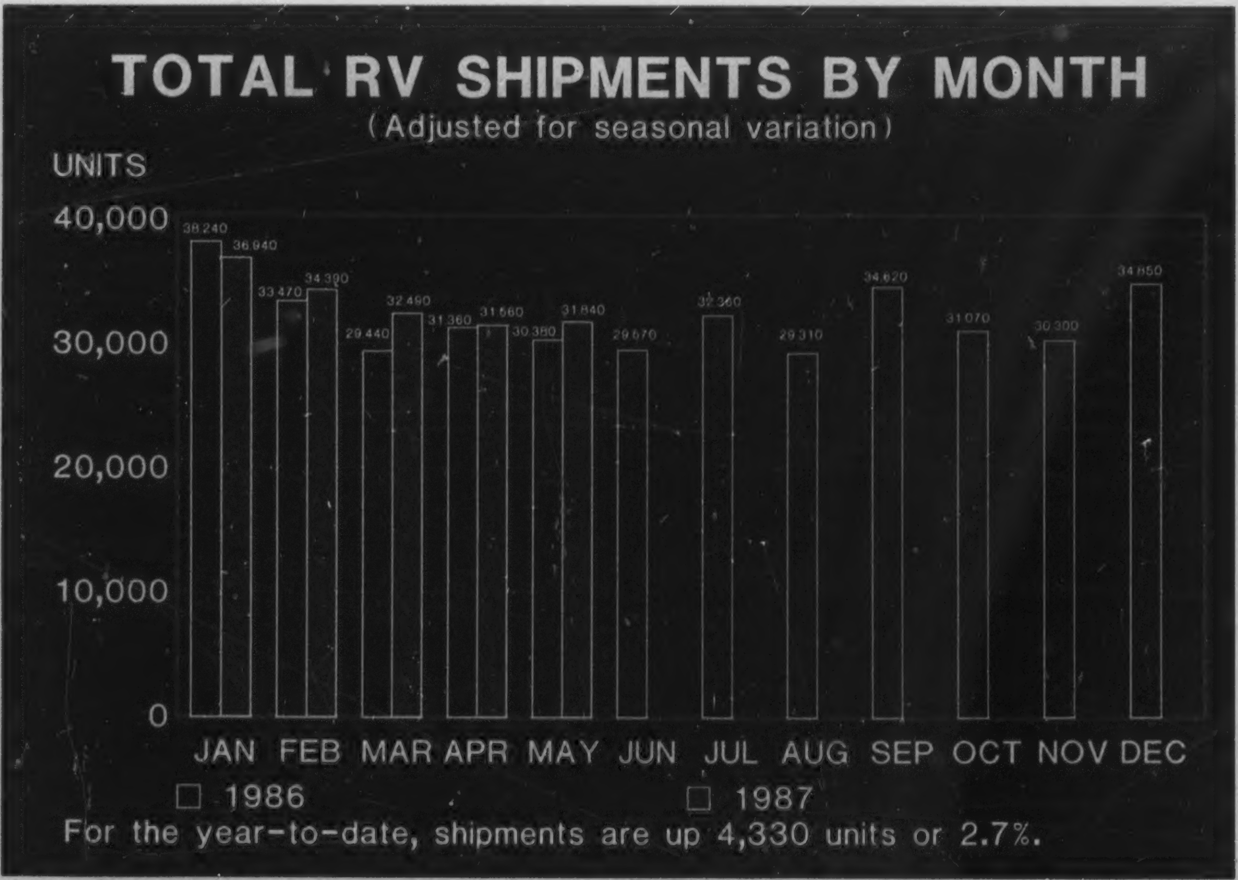
For example, in the month of May, RVIA reported that total shipments equaled 37,800 RV units, which was *down* 2,600 units, or 6%, from the April numbers. These figures need to be seen through the eyes of our experience with the normal seasonal pattern of RV shipments. When adjusted for normal seasonal variations, the May shipment figures came in at 31,840—a figure that was *up* from the April total, even if only by 280 units, or 1%. (See Figure 1.)

This means that total shipments in May performed better than usual as the industry came off the traditionally high-shipments month of April. The apparent decline is thus seen as an improvement about which we can feel pleased.

May 1987 was the fourth consecutive month of improved shipments compared to the same months in 1986. For the year-to-date, total shipments were running more than 4,300 units ahead of 1986, an improvement of 2.7%. At that rate, 1987 will conclude with 401,300 units shipped.

The same method of extrapolation or simple projection can be used to determine 1987 shipments by type of unit, as shown in Figure 2. Of course, these numbers are just simple projec-

FIGURE 1



RVIA SHIPMENTS

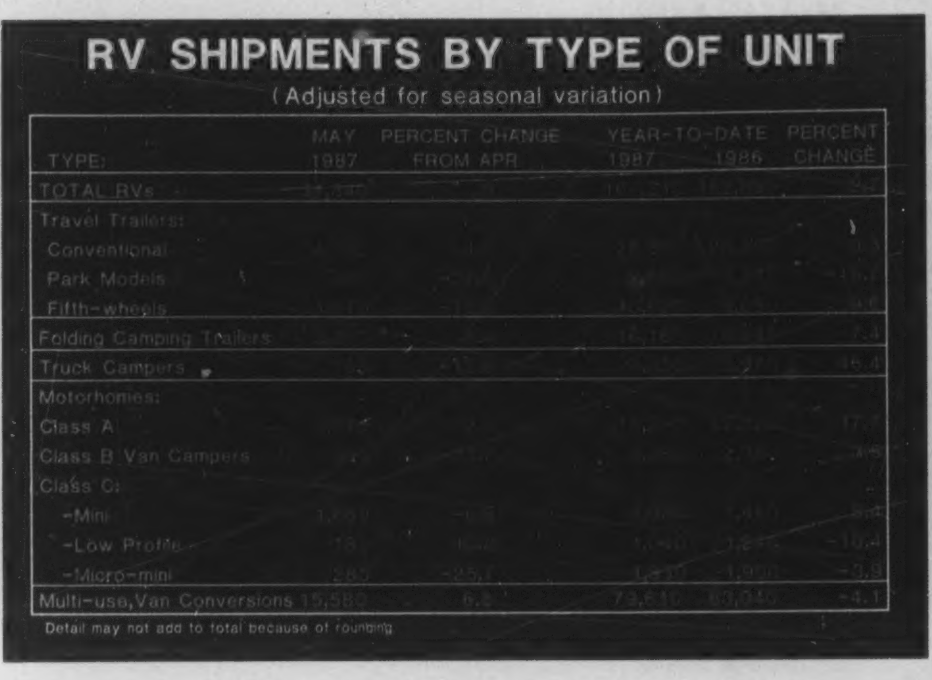
FIGURE 2

PROJECTED RV SHIPMENTS FOR 1987

TOTAL RVs	401,300
Travel Trailers:	
Conventional	60,700
Park Models	6,500
Fifth-wheels	25,400
Folding Camping Trailers	38,900
Truck Campers	10,600
Motorhomes:	
Class A	36,200
Class B Van Campers	6,000
Class C	
Mini	19,400
Low Profile	2,400
Micro-mini	4,300
Multi-use Van Conversions	191,000

Detail may not add to total because of rounding.

FIGURE 3



RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	MAY 1987	PERCENT CHANGE FROM APR	YEAR-TO-DATE 1987	1986	PERCENT CHANGE
TOTAL RVs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Travel Trailers:					
Conventional	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Park Models	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fifth-wheels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Folding Camping Trailers	[illegible]	[illegible]	[illegible]	[illegible]	7.4
Truck Campers	[illegible]	[illegible]	[illegible]	[illegible]	46.4
Motorhomes:					
Class A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Class B Van Campers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Class C:					
-Mini	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-Low Profile	[illegible]	[illegible]	[illegible]	[illegible]	-10.4
-Micro-mini	285	[illegible]	[illegible]	[illegible]	-3.9
Multi-use,Van Conversions	15,580	6.8	73,610	[illegible]	-4.1

Detail may not add to total because of rounding

tions based on the results of the first five months of the year; they are not a forecast based on economic conditions either in the nation or the industry.

The Detailed View

The industry improvement of May was larger by comparison with the same month a year ago. As noted, when compared to April of this year, the progress was slight.

Figure 3 shows that only four of the 11 unit types actually indicated an improvement in May over the April figures. Class C low-profile units led the way with a 10.8% improvement on small volume. They were followed by van conversions, with a 6.8% increase. Folding camping trailers and Class A motorhomes also showed gains for the month.

Other types of units all showed shipment declines. And three unit types had monthly declines of 25% or more: park models, Class B motorhomes and Class C micro-minis. All of these are low-volume entries in the market so that such major changes are not infrequent events.

For the year-to-date, seven of the 11 unit types turned in stronger performances than they did for the first five months of 1986. Truck-camper shipments were up by nearly 1,400 units, or 46%, from a year ago. Class A motorhomes took a lead of nearly 2,300 units, or 18%, over last year's pace.

The remaining gainers shown in Figure 3 had improvements of 3% to 10% in shipments compared to a year ago.

The 1987 losers as of May were van conversions, which continued to run behind a year ago, although the gap has been closing—slowly. In April, van-conversion shipments were 3,930 units behind a year ago; by May, they were 3,420 units short of May 1986. In other words, this RV type caught up by 510 units in May for a 13% reduction of the year-to-date gap existing in April.

FIGURE 4

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

TYPE	1986	1985	PERCENT CHANGE
Travel Trailers:			
Conventional	15.1	14.2	+0.9
Park Models	1.6	2.0	−0.4
Fifth-wheels	6.4	6.0	+0.4
Folding Camping Trailers	9.7	9.2	+0.5
Truck Campers	2.6	1.8	+0.8
Motorhomes:			
Class A	9.0	7.9	+1.1
Class B Van Campers	1.5	1.5	None
Class C			
Mini	4.8	4.6	+0.2
Low Profile	.6	.8	−0.2
Micro-mini	1.1	1.2	−0.1
Multi-use Van Conversions	47.6	51.0	−3.4

Detail may not add to total because of rounding.

Market Shares

The weakened performance of van conversions has led to gains in the market shares of other types of RVs. While van conversions dropped 3.4 points of market share in May, Class A motorhomes gained 1.1 points and travel trailers as a whole (conventionals, park models and fifth-wheels) gained 1 point. Lesser gains were made by other types of units as well. (See Figure 4.)

Market shares are important for suppliers who serve the entire industry, but they are of less consequence for manufacturers, who do not see other types of RVs as competing with their own product lines. One of the ongoing issues in the industry is whether van conversions are direct substitutes for any other types of RV units. That is a controversy likely to last even longer than the congressional hearings on the Iran-Contra connection. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

9/10/87C8950-2 **TWO DOLLARS**

'S: SOME SUCCESS STORIES 22

TIPS ON HOLDING TANKS 34

NVENTION/EXPO GUIDE 43

040287 09/87Z70Q115I5162RV2 **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

V BUSINESS
SEP/11
1987

to Sell sed Class A Units

RV dealers around the country are bracing this fall for the adverse impact of the planned sale and auction of about 1,200 used, 27-foot Fleetwood Class A motorhomes by U-Haul International, Phoenix, Ariz.

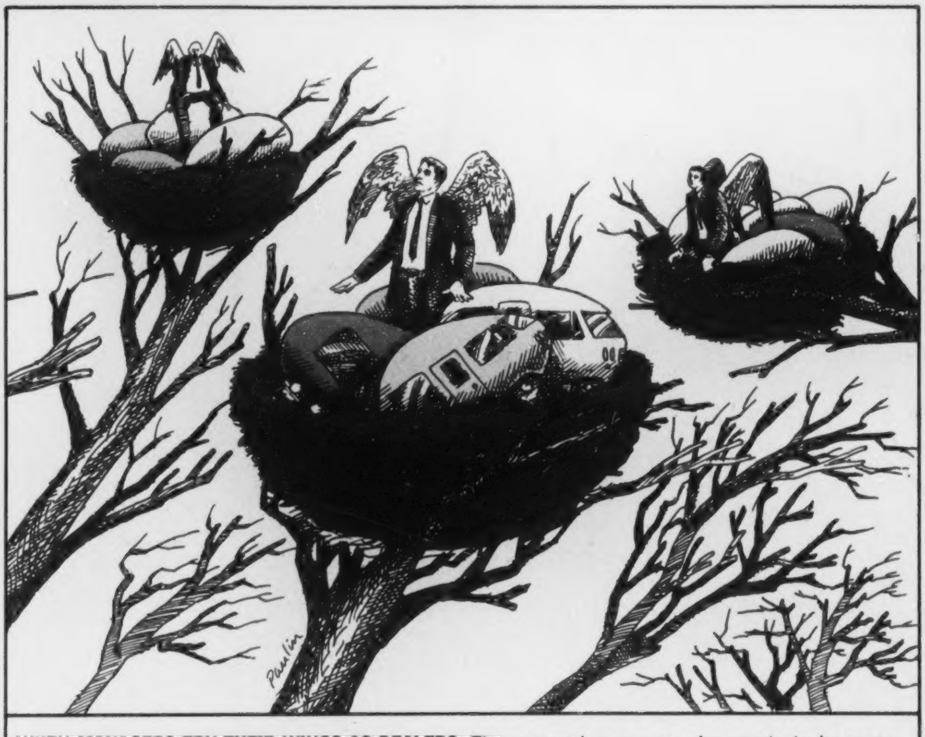
As part of its program of rental-fleet turnover, the giant rental company plans to sell the 1984 and 1985 motorhomes at 160 locations nationwide and at a large Oct. 3 auction in Fort Worth, Texas, where 100 units are scheduled for the auctioning block, according to company spokeswoman Diane Boschian. She said that U-Haul plans to complete the sale of all units by April 1, 1988, and that the company expects to get an average $27,500 for each motorhome. U-Haul currently rents 4,000 motorhomes.

Dealers, especially those in the already depressed Texas market, expressed concern about losing buyers to U-Haul. For example, Paul Hamilton, owner of Travel Villa dealership with locations in Dallas and Alvarado, pointed out that U-Haul's anticipated sales price is highly competitive with the selling prices of his own used motorhome stock. Hamilton stated, "It (the auction) won't help us any. And it's going to play havoc with our (Texas Recreational Vehicle Association) Supershow, which is slated for Oct., 8 in Dallas.

Jerry Harrison, owner of Mack's Camper Sales, Waco, Texas, agreed that U-Haul's "dumping" of motorhomes on the market would have an adverse impact on dealerships, especially since most dealers take used units on trade when they are selling new units.

In 1986, U-Haul also sold off about one-fourth of its fleet as part of its rollover program.

U-Haul said it is encouraged by reservation growth this summer. A recent survey of U-Haul rental customers indicated that 70% are likely to rent again. Δ—*Todd Dickard*



WHEN MANAGERS TRY THEIR WINGS AS DEALERS: The general manager who wants to become an independent, competitive dealer can b to the dealership he leaves behind—or provide opportunities for dealership gr ovement.

3

GM Expects to Supply '88 California Chassis by Fall

Officials of General Motors Corp., Warren, Mich., have said that they anticipate that GM will be able to supply 1988 model Class A chassis for California-market motorhomes by late fall, based on correspondence with federal and state authorities regarding tough California emissions standards.

A stiffer California emissions law that went into effect for the 1988 model year had threatened to cut off Chevrolet and GMC Class A chassis sales for California-market motorhomes.

Although GM's 454-cid V-8 engine used in its Class A chassis will not be able to meet the new California standards, the company expects to continue supplying chassis by paying a small fine on each unit for its failure to meet the standards. That nonconformance-penalty expense

continued on page 11

SEPT. 11, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 11

TABLE OF CONTENTS

RV BAROMETER

Chrysler Injects '88 Engines, Ups Tow Capabilities 7

La Mesa RV's Kimbrell Denies Bankruptcy Rumor 9

RVDA Launches Effort to Boost Convention/Expo Attendance 11

RV People 12

DAB Perspective 14
Dealers give June high ratings in terms of new and used sales.

FEATURES

Managers Become Dealers 16
The departure of a general manager who wants to try his wings as an independent, competitive dealer does not have to hurt the dealership he leaves behind.

Class B's: Succeeding In a Tough Market 22
Major van-camper manufacturers report healthy sales growth as they target their products toward new types of buyers.

RVDA Convention/Expo Guide 43
RVDA's '87 Convention/Expo in New Orleans offers some all-new features, including an aftermarket show. This brief guide offers a calendar of events and an exhibitors list for attendees.

DEPARTMENTS

Service 34
Holding tanks are one of those dirty, but necessary, service jobs. Here are some tips on repair, maintenance and customer education.

Calendar 36

In Brief 38
Brief news items covering RV companies and associations; earnings reports.

Profitmakers 39

Index to Advertisers 42

Readers' Forum 46

Classified Advertising 49

Commentary 50

22

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER ILLUSTRATION: DOUG PAULIN

DAB PERSPECTIVE

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JUNE 1987	JUNE 1986	% CHANGE	1987	1986	% CHANGE	JUNE 1987	JUNE 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	181	140	+29	822	728	+13	156	150	+ 4	802	781	+ 3
TRAVEL TRAILERS	145	137	+ 6	723	691	+ 5	134	139	− 4	626	661	− 5
TRUCK CAMPERS	15	18	−17	135	117	+15	11	9	+22	82	68	+21
CAMPING TRAILERS	158	132	+20	772	723	+ 7	37	61	−39	224	233	− 4
FIFTH-WHEELS	37	33	+12	158	165	− 4	22	19	+16	111	89	+25

	FOR MONTH			YEAR-TO-DATE		
	JUNE 1987	JUNE 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$15,005,073	$12,921,322	+16	$73,284,784	$65,470,691	+12
TOTAL UNIT SALES	896	838	+ 7	4,455	4,256	+ 5
NEW-UNIT SALES	536	460	+17	2,610	2,424	+ 8
USED-UNIT SALES	360	378	− 5	1,845	1,832	+ 1

JUNE GETS HIGH RATINGS FROM DEALERS

GAYLORD MAXWELL

According to RVB's Dealer Advisory Board, (DAB), June was one of the best months generally for RV dealers in a long time. More than two-thirds of the dealers on the board reported sales volumes higher than those of the previous June. Sales were up in four of the five new RV-type categories and in three of the used. New-unit sales overall were up significantly, although used-unit sales dropped a bit.

A most encouraging aspect of the June report was that profit ratings, both gross and net, were higher than they have been in several years. The excellent category was checked more than any other. Used units were bringing excellent prices, and the accessories-and-service business was booming.

New-unit inventories were rated high by several dealers, but generally the DAB members believed they were in good shape in June—inventories were even said to be low by a few. The supply of used units was apparently on the low side, with almost half of the DAB members rating their inventories low—a fact which might account for the slight dip in used-unit sales. Lot traffic, however, was not considered to be high.

Motorhomes

Motorhome dealers, particularly the very large-volume ones on the DAB, had a field day in June. Both new-unit sales and profits were reported to be unusually good. Used units didn't keep pace with new, partly due to the fact that the supply wasn't as good as it should be, but profits remained strong.

Travel Trailers

The June new-unit sales increase for this type wasn't phenomenal, but it slightly topped the year-to-date increase of 5%. A couple of large, multitype dealers had very weak trailer sales, and their figures brought the average down. Profit ratings were overwhelmingly good, with a few dealers rating them higher or lower. Used sales were down a bit and close to the average for the year-to-date.

Truck Campers

The rather large percentage drop in new-unit sales didn't mean much because it denoted a sales decrease of only three units. The fact that a couple of DAB members who dabbled in campers have recently dropped them created some problem with DAB's small numbers. Profits were rated excellent by the one DAB camper specialist. Used sales were considerably better than new sales for the month. Year-to-date, campers were still doing quite well compared to last year.

Camping Trailers

Some of the DAB members who know how to push folddowns had a ball in June. The 20% increase in new-unit sales was largely due to the efforts of three dealers (two medium-size trailer specialists and a large, multitype dealer), who greatly improved on their already impressive sales records for last June.

Fifth-wheels

Fiver sales haven't kept pace with the sales increases of other RV types for DAB members this year. It was the only category that had a minus year-to-date figure in June. However, the slight increase for June itself provided some reason for optimism. Used units were selling well, and profits for both new and used were good to excellent. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross-section of the U.S. dealer body.

Gaylord Maxwell, chairman
Dave Altman, Baldwin Park, Calif.
Annette Autry-Miller, Fayetteville, N.C.
Robert Azevedo, Sunnyvale, Calif.
Jack Cole, North Hollywood, Calif.
Dick Dasson, Victor, N.Y.
Bill De Groot, Junction City, Ore.
Crosby Forrest, Newport News, Va.
Danny Gamel, Fresno, Calif.
Jerry Greer, Columbus, Ohio
Jerry Harrison, Waco, Texas
Dottie Helgeson, Seattle, Wash.
Newton Kindlund, Orlando, Fla.
Ozzie Lenhard, Sayville, N.Y.
Larry McClain, Oklahoma City, Okla.
Jack Moran, Warwick, R.I.
Mike Peay, Albuquerque, N.M.
Edward Peterson, Lafayette, Ind.
William Pifer, Warren, Mich.
Tom Schaeffer, Shoemakersville, Pa.
Mel Shipp, Chattanooga, Tenn.
Jack Sisemore, Amarillo, Texas
Bill Thomas, Bridgeton, Mo.
Fran Van Pelt, Aurora, Ill.
Larry Washburn, Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

040287 09/87Z70Q115I5162RV1 **
CONGRESSIONAL INFO SRV 073085
8507
20 EAST WEST HWY #800
DA MD 20814

C8950-2
9/25/87

HOOKUPS CAN SNAG CUSTOMERS 21
CONTRACTS: PROFITS OR PROBLEMS? 24
OW GUIDE 48

BUSINESS
SEP/25
1 9 8 7

y Seeks 500-lb. '88 Chassis

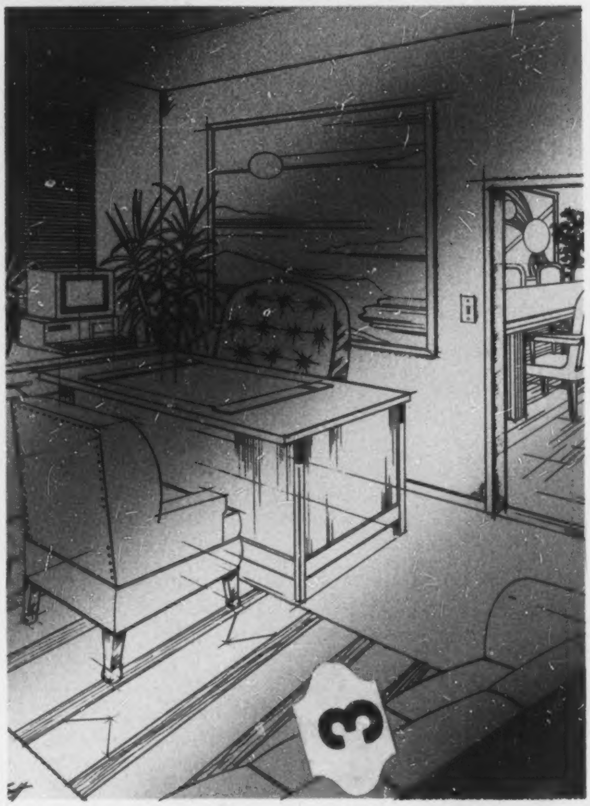
General Motors Corp.'s Chevrolet Motor Division, Warren, Mich., is determined to offer a 16,500-pound gross vehicle weight (gvw) Class A motorhome chassis by fall of 1988, according to company officials.

Chevrolet is continuing to work on development of its P-6 chassis, which is targeted for a 16,500-pound gross vehicle weight rating (gvwr). The P-6 is an upgraded version of its current P-30 chassis with a 14,500-pound gvwr. The company is now at the point of trying to "get the price down to where we would like it, without reducing any of its equipment content," according to Bob Rieth, Chevrolet manager of special vehicles. "We're working with the component people to get the gvw rating up, if possible, within a safety factor, and to get the components certified at a higher capacity if we can," said Rieth. "We're going full steam ahead on increasing the gvwr of the P-30."

As an alternative strategy for delivering a heavier gvwr chassis by '88, Chevrolet could lower the rating of its P-60, which has heavy enough components, front- and rear-axle capacities and powertrain to take it all the way up to a 25,000-pound gvwr, according to Rieth. "We have all the capacity and components that we need on the front and rear axles. We could just put different springs on it to get a good ride quality," he noted.

However, Chevrolet continues to prefer the upgraded P-30 route because the adapted P-60 would be "overkill," said Rieth, pointing out that "the bulk of the market is really between 14,000 and 16,000 pounds gvwr." The heavier, medium-duty P-60 chassis also has an I-beam suspension that does not have the ride qualities of Chev-

continued on page 8



COLOR IT SOLD: The colors used in RV showrooms and salesrooms can create a buying mood or turn off customers. Color experts provide some suggestions on selecting color schemes to create an attractive, professional—and profitable—dealership decor.

Deere to Unveil 3 New Chassis

Officials at the John Deere Tractor Works, Waterloo, Iowa, have confirmed that the Deere & Co. is prototyping three new chassis, one aimed exclusively at the RV market and two which will be offered initially to the commercial bus market.

A downsized version of Deere's RV1000 chassis, tentatively designated the RV800, is in the prototype stage now, according to Terry Lorenzen, RV/OEM marketing manager for Deere. Lorenzen noted that the new chassis will be offered in a 158½-inch wheelbase with a 13,600 gross vehicle weight rating (gvwr). It will use the 460-cid Ford engine with Ford C6 transmission as in the RV1000 model. One major difference in the RV800 will be the use of the Ford park pawl in the transmission, instead of the factory-designed park-lock system used on the current Deere chassis.

A production date for the RV800 has not been set, and Lorenzen said it was doubtful that Deere would display the chassis at either the forthcoming Dodger or Louisville RV shows. However, he added, "I wouldn't be surprised, though, to see at least one motorhome manufacturer exhibiting a unit on the chassis."

Deere is also planning to introduce a new heavy-duty chassis, targeted initially at the bus market which was to be unveiled at the National Bus Exposition in San Francisco in September. The 208-inch wheelbase chassis with an 18,000-pound gvwr will be powered by a 160-horsepower or 180-horsepower Cummins diesel engine and equipped with the Allison AT545 four-speed automatic transmission, according to Lorenzen. The same chassis also will be offered in a 190-inch wheelbase configuration, powered by a 429-cid Ford gasoline engine.

Lorenzen emphasized that both heavy-duty chassis are only

continued on page 6

SEPT. 25, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 12

TABLE OF CONTENTS

RV BAROMETER

Motor Vehicle Officials Urge RV Exemption From License Plans 5

Ford Announces New Trucks, Higher Tow Ratings for 1988 7

CIT Group Buys $44.7 Million In RV Paper From S&L 9

RV People 10

RVIA Shipments 12
Good results disappoint great expectations in June.

Blue Chip Consensus 14
Economists foresee a flat '87 growth rate but boost their '88 forecast.

FEATURES

Color It Sold 16
The colors of showrooms and salesrooms can greatly influence buying moods. Experts suggest how to choose winning color schemes.

Hookups Snag Customers 21
Dealers who offer overnight facilities and hookups for service customers report that they increase both customer dollars and loyalty.

Service Contracts 24
Recent bankruptcies of service-warranty providers have left some dealers holding the bag. Care is advised in selecting programs and providers.

TRVA Show Guide 48
Floorplans and a list of exhibitors are provided to help attendees enjoy the Texas Recreational Vehicle Association's Supershow '88 in Dallas.

DEPARTMENTS

Marketing Concepts 39
Jim Brubeck of Tall Corn RV, Carlock, Ill., has successfully combined a career as a college professor of marketing with a career as an RV dealer.

Service 40
The multitude of available adhesives can create confusion and expense for service departments. This article provides some brief tips on selection, storage and application.

New Literature/Videos 44

In Brief 46
Brief news items covering RV companies and associations; earnings reports

Calendar 50

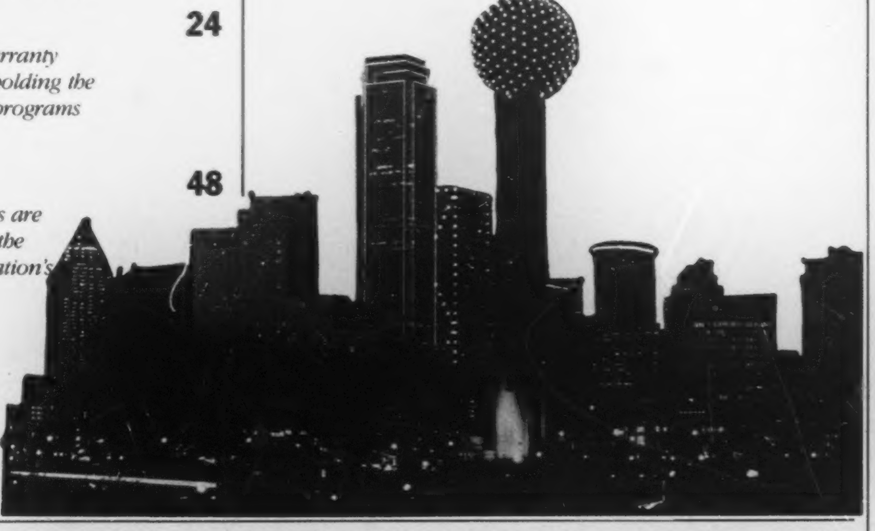
Profitmakers 51

Classified Advertising 54

Index to Advertisers 56

Readers' Forum 57

Commentary 58



48

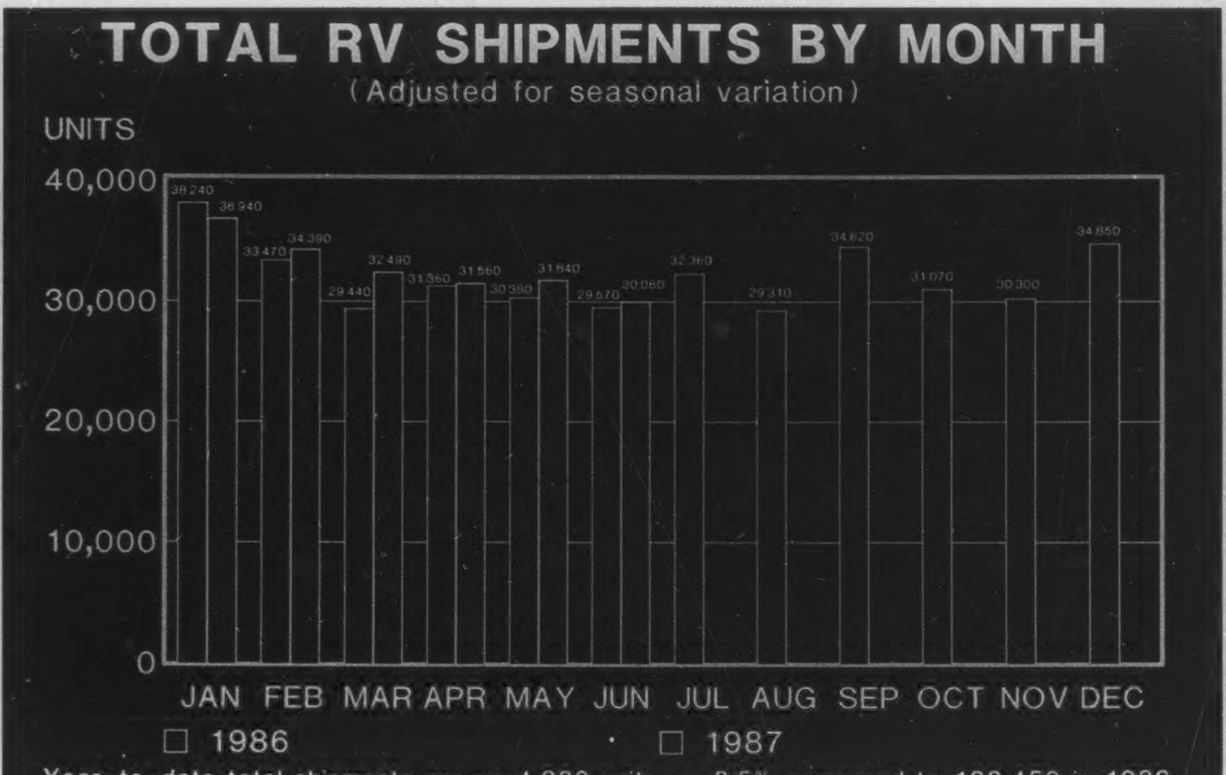
RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER ILLUSTRATION: ANDREA BELL; BACKGROUND: MARK STRASSNER

RVIA SHIPMENTS

GOOD RESULTS DISAPPOINT GREAT EXPECTATIONS

MORTON J. MARCUS



Year-to-date total shipments are up 4,820 units, or 2.5%, compared to 192,450 in 1986.

Figure 1

Every now and then, I talk to actual, living executives in the RV industry. "How's business?" I ask. Recently, I have been hearing quiet moans, sighs of resigned acceptance and an occasional, softly voiced "OK."

"Boston sydrome?" I then ask solicitously, and the RV executives look at me as though I were recently (and prematurely) released from a white coat with arms tied in the back.

Let me explain the "Boston syndrome" diagnosis: For those who don't remember such things, Boston won the American League baseball pennant last year. It was the first time in many years, but the win gave evidence that it could happen. Boston often has a team which is expected to do well but which, by the end of September, disappoints its faithful followers. In contrast, fans of the Chicago Cubs do not expect other than disappointment; they have developed emotional immunity to repeated failure.

However, for the faithful followers of the Boston Red Sox, this was to have been the year when their heroes took it *all*. The disappointment that I keep hearing in the voices of executives in the RV industry seems to be founded on similar high expectations. To some extent, this author has contributed to those expectations, as will be explained in a quarterly forecast article in the Oct. 9 issue of *RV Business*. The reality is that the industry is doing well. Let's look at the facts:

The First Half of '87

In June, for the fifth consecutive month, total shipments exceeded shipments of the same month in 1986. When RVIA's shipment data are adjusted for normal seasonal variations, this June stood 1.7% ahead of June of last year. *(See Figure 1.)* For the year-to-date, total shipments were running 2.5%, or nearly 5,000 units, ahead of 1986. If van conversions are eliminated from the data, the rest of the industry's shipments were up by 9,200 units, or 9.8%, through June, compared to the same period last year.

We can be concerned at the clear downward trend in the monthly data of Figure 1. Only May showed any improvement over the preceding month. But this year could follow the pattern set in 1986, when three of the five strongest months in the year came in the second half. Last year, the second half slightly exceeded the first half in total shipments. As with Boston's baseball team, we cannot expect history to repeat itself in all of its positive or negative aspects.

The Detailed View

For the year-to-date, travel-trailer shipments, as a group, were up by nearly 3,100 units (7.3%) in June compared to a year ago. Within this group, conventional travel trailers and fifth-wheels showed strong gains of 2,300 units and 1,400 units respectively. Park models pulled the group down, running about 800 units (20%) be-

RVIA SHIPMENTS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, seasonally adjusted data)

TYPE	1987	1986
TOTAL RVS	**100.0**	**100.0**
Nonmotorized Units:		
Conventional	15.1	14.3
Park Models	1.5	2.0
Fifth-wheels	6.4	5.8
Folding Camping Trailers	9.7	9.0
Truck Campers	2.6	1.8
Motorhomes:		
Class A	9.3	8.0
Class B Van Campers	1.5	1.5
Class C:		
-Mini	4.9	4.8
-Low Profile	.6	.8
-Micro-mini	1.0	1.2
Van Conversions	47.4	50.8

Detail may not add to total because of rounding.

Figure 3

hind last year's pace. *(See Figure 2.)*

Folding camping trailers were doing well: This category was up by nearly 3,100 units, or 11%, for the year through June. Truck campers did even better, up by more than 1,500 units (43%) from the same period in 1986.

Also strong were Class A motorhome shipments, which were more than 18% above the year-ago level, or up by more than 2,800 units. There was no change from 1986 in the shipments of Class B motorhomes. Class C units were down a scant 0.8%, or 100 units, with the gains made by minimotorhomes offset by declines in low-profile and micro-mini units.

Put simply, the problem in the industry was van conversions, which were down by 4,250 units (4.3%) from a year ago. This component of the industry is more sensitive to changes in disposable income than are the other types of RVs. With higher tax rates, thanks to the cleverly constructed 1986 tax-reform package, consumers have been cutting back on automobile purchases and, we believe, purchases of van conversions, as well.

Thus, van conversions have backed away from their strong 50.8% market-share position of a year ago, and held a 47.4% share in June. *(See Figure 3.)* Class A motorhomes were the big gainers in market share, rising by 1.3 points. Conventional travel trailers and truck campers have each gained 0.8 market-share points, followed by a 0.7-point gain for folding campers and 0.6 points for fifth-wheels.

Monthly Volatility

Most of the discussion in these monthly reports of RV shipments concentrates on the year-to-date, or cumulative, figures rather than monthly changes. The reason for that is simple. Shipments, particularly shipments of small-volume RV types, bounce up and down dramatically on a month-to-month basis.

For example, in Figure 2, we reported that micro-mini Class C units fell by 13.3% in June compared to May. Earlier in the year, this same type of unit had a fall of 36% in one month and a 22% increase in another month. In each case, these represented relatively small changes in volume.

Figure 4 shows the average change in monthly shipments for each type of RV unit. This measure of volatility is obtained by taking the monthly percent change, ignoring the positive or negative sign of that change, and then finding the percentage average. For all RV units, the average change has been 4.6% so far this year.

MONTHLY VOLATILITY IN SHIPMENTS
(Mean absolute percent change January to June 1987)

TYPE	PERCENT
TOTAL RVs	**4.6**
Travel Trailers:	
Conventional	8.7
Park Models	18.1
Fifth-wheels	6.6
Folding Camping	7.8
Truck Campers	10.9
Motorhomes:	
Class A	4.9
Class B	20.4
Class C:	
Mini	13.9
Low Profile	23.7
Micro-mini	21.7
Van Conversions	10.3

Detail may not add to total because of rounding.

Figure 4

Thus, the 5.6% change in total shipments from May to June, as reported in Figure 2, was higher than average. The low-volume Class C types ranged from 14% to 24% in their average monthly changes, which indicates why concentration on monthly changes would tend to divert attention from the more important trends in RV shipments.

The surprise in Figure 4 is that van conversions, a very high-volume RV type, had a 10.3% average change in shipments, indicating that this market segment is experiencing considerable uncertainty and stress. In contrast, Class A motorhomes have been the most stable type of RV in the market, with less than a 5% average monthly variation. Δ

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE:	JUNE 1987	PERCENT CHANGE FROM MAY	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	[illegible]	[illegible]	197,270	192,450	2.5
Travel Trailers:					
Conventional	[illegible]	[illegible]	29,780	27,450	8.5
Park Models	[illegible]	[illegible]	[illegible]	[illegible]	-20.3
Fifth-wheels	[illegible]	[illegible]	[illegible]	11,240	12.3
Folding Camping Trailers	[illegible]	[illegible]	[illegible]	17,100	11.0
Truck Campers	[illegible]	[illegible]	[illegible]	3,560	42.9
Motorhomes:					--
Class A	[illegible]	[illegible]	[illegible]	15,490	18.2
Class B Van Campers	[illegible]	[illegible]	[illegible]	[illegible]	0.0
Class C:					
-Mini	[illegible]	[illegible]	[illegible]	9,180	6.0
-Low Profile	[illegible]	[illegible]	[illegible]	1,560	-27.7
-Micro-mini	[illegible]	[illegible]	[illegible]	2,315	-10.3
Multi-use Van Conversions	[illegible]	[illegible]	93,490	97,740	-4.3

Detail may not add to total because of rounding.

Figure 2

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

GRAPHICS: CUSTOM COLOR VISUALS

QUARTERLY FORECAST: LOWERED SIGHTS FOR '87, '88 1

SSOCIATIONS: TOWARD A MORE PERFECT UNION? 31

VDA EXECUTIVE CONFERENCE 48

C8950-2
10/16/87

BEST AVAILABLE COPY

040287 10/87Z70Q115I5I62RV1 ##
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

BUSINESS

OCT 19

[illegible]

nrader rysler Chassis

In Chrysler Corp.'s first major foray back into the motorhome-chassis business in more than seven years, the automaker is supplying almost all the components of a new chassis developed by Vironex Inc. for what Gardner-Pacific Corp. calls its "revolutionary" new 23-foot Sunrader Class A.

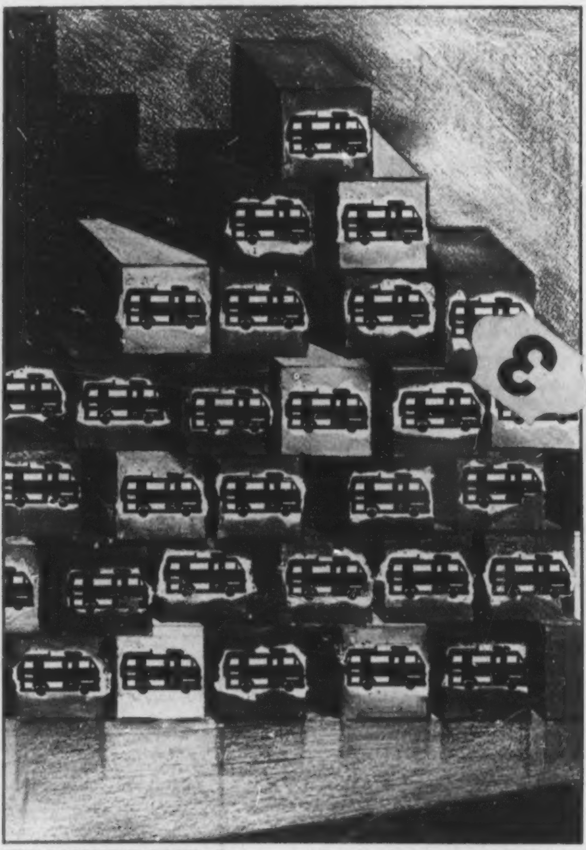
Perry LeMaster, president of Vironex, Canyon Country, Calif., said that Vironex has been working with Chrysler for the last three years in the development of a new chassis made up almost completely of fully warranteed Chrysler parts, including Chrysler's 360 5.4-liter V-8 engine, steering linkages, independent suspension and brakes. The chassis has a 10,000-pound gross vehicle weight rating and a 135-inch wheelbase.

Bob Trump, manager of product development for the Beaver Dam, Wis.-based Marine and Industrial Division of Chrysler's new Acustar subsidiary concentrating on component manufacturing (excluding captive automotive components), explained that the division is "uniquely set up to customize component subassemblies" and is "now supplying EPA-legal engines and drivetrains to companies such as Vironex and other major customers."

According to Trump, "Interest from other companies in the RV industry has been expressed" about similar component packages, and knowledgeable sources say that some of that interest is likely to focus on using the front-wheel-drive Voyager and Caravan minivan component packages in motorhomes.

To date, the chassis ordered from Vironex have all been pur-

continued on page 9



THE BASEMENT BOOM: Fleetwood Enterprises' success with the "basement model" Bounder has led to an explosion of new "extra-storage" units. The trend is creating innovation, competition—and controversy. See page 18.

Vixen Shuts Plant; Plans Traditional '88 RV Model

Faced with lagging sales of its high-tech low-profile motorhomes, Vixen Motor Co., Pontiac, Mich., closed its assembly operations in early September and announced that it was preparing for the introduction of a more traditional version of the Vixen 21 by February 1988.

About 100 of the company's 145 employees are on furlough until the new models come out, according to Gerald Bryce, Vixen chief executive officer. He added that Vixen would continue to distribute current vehicle models through its dealers until the new model comes out.

Industry observers say sales of Vixen 21 and XC models—which stressed fuel-efficiency, younger buyers and distribu-

continued on page 6

Massive Ford Recall Includes RV Chassis

Ford Motor Co., Dearborn, Mich., announced a voluntary recall in mid-September of 4.3 million vehicles, including 200,000 heavy-duty Econoline E-250 and E-350 vans, cutaways and stripped chassis equipped with electronic fuel injection.

The recall was implemented at the request of the National Highway Traffic Safety Administration (NHTSA) and is intended to deal with hazardous fuel expulsion when the fuel filler cap is removed. It is the second largest in Ford's history and is expected to include thousands of units currently in use as van conversions or Class B and Class C motorhomes.

In an official statement accompanying the announcement of the recall, Ford officials explained: "The Econoline vehi-

continued on page 8

RV BUSIN

OCT. 9, 1987 TWO DOLLARS

BEST AVAILABLE COPY

TABLE OF CONTENTS

RV BAROMETER

Deere Chassis Sales Top 6,000; '88 Changes Planned 5

New Horizon Tests Micro-mini On Jeep Pickup-Truck Chassis 7

Miller Buys Major Share In Esquire; Takes Top Post 9

RV People 12
Promotions and awards; featured: 1988 Dealer of the Year Dan Gamel, Dan Gamel's RV Center, Fresno, Calif.

Quarterly Forecast 14
RVB/Indiana University's forecast lowers its prospects for the industry in '87 and '88.

DAB Perspective 16
Dealers report excellent retail sales for July.

FEATURES

Storage: The Basement Boom 18
RV manufacturers are rushing to embrace the "basement model" concept. The trend is sparking competition, innovation—and controversy.

Dealer Associations 31
As Indiana's RV dealer association leads the way in a joint membership program with the national RVDA, other major state associations debate whether to follow suit.

WDA Conference 48
Highlights of activities at the 14th Annual Executive Conference of the Warehouse Distributors Association and a calendar of events are designed to aid attendees.

DEPARTMENTS

Marketing Concepts 37
Mantelli Trailer Sales, Lockport, N.Y., shares its strategy for a successful one-dealer mall show.

Knabe's RV Center, Hayward, Calif., creates customer loyalty with its annual rally and owners' club. 38

Finance 40
Tips are provided on coping with the new tax rules for inventory.

Calendar 41

In Brief 42
Brief news items covering companies and associations; earnings reports.

Profitmakers 44

Classified Advertising 50

Readers' Forum 51

Index to Advertisers 52

Commentary 54

MANTELLI TRAILER SALES

37

31

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER ILLUSTRATION: MARK DAVY

PROSPECTS FOR '87 AND '88 ARE REVISED DOWNWARD

MORTON J. MARCUS

Forecasts are based on our knowledge of the past. When our view of the past is changed, we often change our view of the future, too. That is exactly what has happened in the past month or so.

The federal gnomes who generate our basic statistics have made major revisions in the economic data for the period of the current national business recovery, which began in late 1982 and is still in progress. The new picture of this recovery indicates that consumer spending has been even stronger than we had suspected. Households have been the major force behind the sustained, but often erratic, growth of the nation in the last five years.

Unfortunately, the implications for the RV industry are not favorable. There has been no revision in the RV-shipment data; hence, we have to conclude that RVs are a smaller part of the total picture than previously estimated. The industry has not participated as strongly in the recovery as it did in the economic expansion of the 1970s or in the downturn that opened this decade.

As a result, our earlier forecasts—which called for strong growth in consumer spending to result in a strong performance by the RV industry—have been revised downward.

A graphic view of that revision is shown in Figure 1. In our last forecast (*RV Business,* July 10, 1987), we called for total RV shipments of 452,900 units in 1987. With our new view of the national economy, we are lowering that forecast by 17%, to 375,600 units for 1987. A detailed comparison of the previous and current forecasts is shown in Table 1.

FIGURE 1

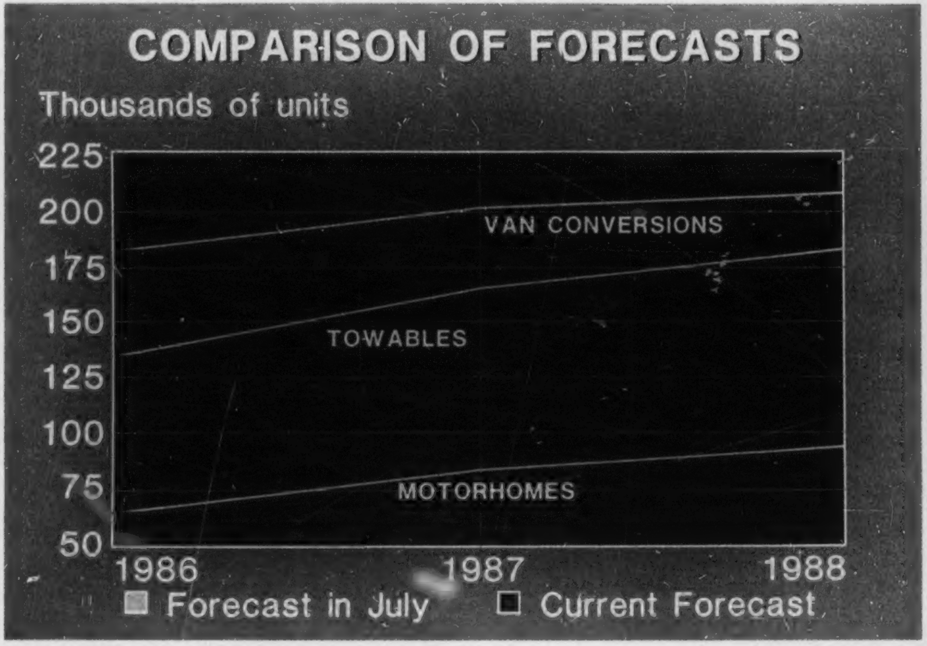
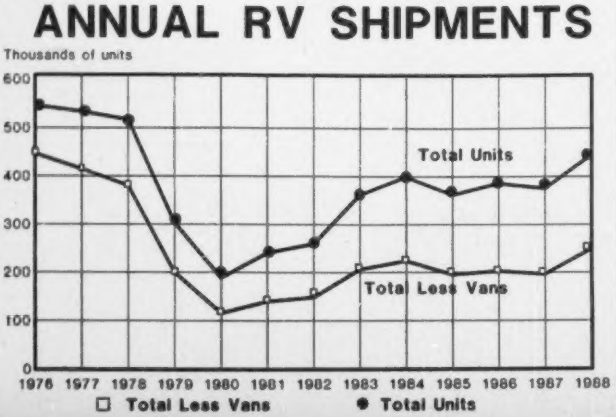


TABLE 1

Comparison of forecasts for 1987 shipments

	Forecast in July	Current Forecast
	(Number of Units)	
Vans	201,200	179,100
Towables	165,900	129,400
Motorhomes	85,800	67,100
Total	452,900	375,600

FIGURE 2



Van-conversion shipments are now forecast to run at 179,100 for 1987, a downward adjustment of 11%. Both towable and motorhome shipments are brought down even more (by 22%), with 129,000 units seen for towables in 1987 and 67,100 units predicted for motorhomes.

We continue to see potential for significant growth in the industry, although we must admit that we have more questions about our forecast than previously. Thus, our 1988 shipments forecast approaches our earlier views, but at reduced levels. Van-conversion shipments have been revised downward by nearly 13,000 units, towables by 24,000 units, and motorhomes by 16,000 units. Nonetheless, we anticipate that 1988 shipments will increase to just under 445,000 units (250,000 excluding vans), as in Figure 2.

If 1988 develops as indicated in Figure 2, it will mean that the industry has broken out of the relatively stagnant period in which it has been since 1983. From a low in 1980, the industry climbed steadily to 1983, when total shipments were 362,000 units, and by 1984, shipments reached 400,000 units. Since then, however, shipment numbers have stayed within those 1983-84 bounds.

That the industry's three major RV types move in concert can be seen in Figure 3, in which percent changes for the three types are shown. Motorhomes are the lowest in volume and the most volatile of the three, rising the most rapidly in good times and falling the fastest in bad years. This pattern is expected to continue in the forecast for 1988. Our econometric model is telling us that motorhomes could increase by as much as 34% in 1988, compared with a 24% increase in towables and a 9% gain by van conversions.

To achieve these significant gains in 1988, motorhomes would increase by 23,600 units, going from 67,100 in 1987 to 89,700 units in '88. Towables, as seen in Figure 4, would similarly rise from 129,400 in '87 to 159,800 units next year, a gain of more than 30,000 units. Van conversions, in this buoyant outlook, would rise by 16,000 units, increasing from 179,100 units in 1987 to 195,100 in '88.

The National Economy

How do we obtain these optimistic levels? Our model of the RV industry has many components, but three key items are consumer disposable income, relative energy prices and interest rates. Basically, the outlook for all three in 1988 is favorable.

Given current worldwide factors—and ignoring the unpredictable Persian Gulf situation—the prices Americans pay for gas and oil should not rise faster than the prices of other goods and services. Hence, one of the major factors which has an adverse influence on RV sales will not be operative in the year ahead. We are anticipating a mere 3.3% increase in prices generally in the American economy in 1988.

Interest rates, meanwhile, are expected to continue to rise during this third quarter of 1987, which is one of the retarding factors in this year's forecast, as seen in Figure 5. The third quarter is predicted to be the low point for the year for all three major RV groups as interest rates peak. Thereafter, we expect a decline in interest rates in early 1988, followed by a gradual rise as the year progresses.

FIGURE 3

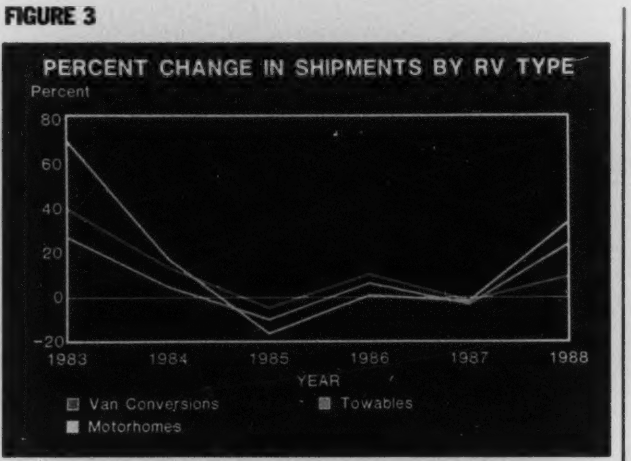


FIGURE 4

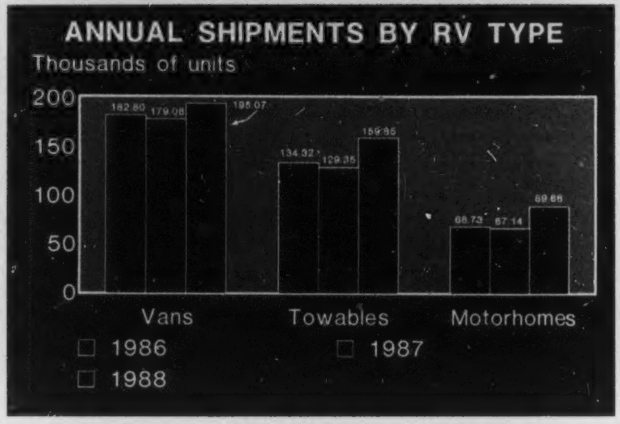
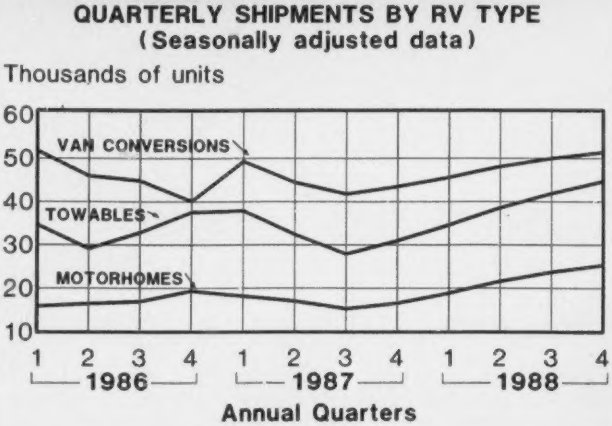


FIGURE 5



Finally, it is predicted that consumers will see better real disposable income growth in 1988 than they have experienced in 1987. One drag on the RV industry this year has been the slow growth in real income. But next year, more of the benefits from the 1986 tax-reform package come into effect. The result should be a 2.54% growth of real disposable income, or double the anemic 1.26% increase of 1987. Some of this increase will be due to an improved export market for American products due to the weaker dollar. An expected steady decline in unemployment will also help bolster consumer confidence and spending.

Basically, the United States and the RV industry have been trapped in a period of low growth for some time.

However, this relative stagnation is counterbalanced by some good indicators:

- The heavy federal-budget deficit is getting to be less of a problem, although it remains a serious issue.
- The trade deficit shows sporadic signs of improvement due to increases in exports, although our tendency to import seems to be undiminished.
- Inflation and unemployment rates are not serious problems at this time and show signs of dropping further.
- Banks appear to be restructuring and accommodating heavy foreign-loan losses.

Though we may not have all our problems under control, there are signals that an escape from the current sluggishness is feasible. That view drives our positive outlook for the RV industry in 1988. Δ

This economic outlook was developed by the Indiana University School of Business. The national forecast was prepared under the direction of R. Jeffrey Green; the RV forecast was developed by Charles Hageboeck; graphics and text were written specifically for RV Business and are the work of Morton J. Marcus, director of the Indiana Business Research Center and a regular contributor to these pages.

CHARTS: CUSTOM COLOR VISUALS

DAB REPORTS JULY SALES 'EXCELLENT'

GAYLORD MAXWELL

July was an excellent retail month, according to the dealers who comprise *RV Business*' Dealer Advisory Board (DAB). Fifteen were up in sales over July of '86. Dollars taken in and the number of units sold were at an all-time high for many of them. Grosses were rated good to excellent, and bottomlines were excellent for almost half the members of the DAB (most of the others rated them good).

Used-unit sales both for July and for the year-to-date were still running ahead of last year. However, sales were reported to be slow in some areas because of the lack of good, clean units. The service-and-accessory end of business was still going strong as most DAB members rated it good to excellent.

Dealer inventories seemed to be in good shape, with most members of the DAB rating them between average and low. Used units were in short supply for some dealers, however.

Most board members gave lot traffic low to average ratings, while they rated sales as excellent. The fact that the percentage of new buyers was rated as low to average indicates a relatively high percentage of repeat buyers.

The year-to-date picture was quite good. Eighteen members (78%) of the DAB were ahead of '86 in dollars taken in. Both new- and used-unit sales were slightly ahead of the previous year. Although some of the larger dealers posted tremendous dollar gains (in terms of percentages) for the year-to-date, smaller dealers got their share.

All indications were that these positive trends will continue for the rest of the year.

Motorhomes

Although the number of new units sold this July was very close to that of last year, the year-to-date figures show this category to be the sales front runner of RV types so far in '87. More than with any other RV type, the big dealers are getting the largest share of the increase.

Used sales were particularly strong in July. Two large dealers on the DAB reported they were completely out of Class A's.

Motorhome profits were generally rated good to excellent.

Travel Trailers

By a margin of about 2 to 1, DAB members who sell this RV type were ahead of last July in new-unit sales. The percentage of increase for the month was more than double that for the year-to-date. However, new-unit sales totals for the month (in fact, for all months) were relatively small. Trailer dealers don't get the big numbers that they used to get.

Used-unit sales have taken an inexplicable turn for the worse—down both for the month and for the year-to-date.

Trailer profits were still running quite strong, with most ratings good or excellent.

Truck Campers

It was a mixed bag for this category in July. About the same number of dealers were up, and three were down. Both new- and used-unit sales totals were higher than last July. Contrary to the oft-held opinion that motorhome dealers don't do well with fold-downs, the largest seller of that type on the DAB (245 units so far this year) is also a large-motorhome dealer (91 units for the same period).

Profits received mixed ratings ranging from poor to excellent. At this time of the year when most dealers are trying to unload their current inventory, that isn't surprising.

Fifth-wheels

Fiver sales in July were well ahead of those of the corresponding month last year. Two members of the DAB who usually do exceptionally well with this RV type beat last year's figures. Used fivers were down a couple of units in July but were well ahead for the year-to-date.

Profits were rated fair to excellent. Δ

	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JULY 1987	JULY 1986	% CHANGE	1987	1986	% CHANGE	JULY 1987	JULY 1986	% CHANGE	1987	1986	% CHANGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRAVEL TRAILERS	133	118	+13	861	816	+ 6	136	146	− 7	771	803	− 4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CAMPING TRAILERS	133	128	+ 4	908	883	+ 3	42	40	+ 5	226	287	− 7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	JULY 1987	JULY 1986	% CHANGE	1987	1986	% CHANGE
TOTAL UNIT SALES	840	802	+ 5	5,275	5,105	+ 3
USED-UNIT SALES	372	361	+ 3	2,241	2,191	+ 2

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Fran Van Pelt,** Aurora, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

040287 10/87270Q1151516 2RV2 ##
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814
S R/

C8950-2
10/26/87

TWO DOLLARS

ROUND RV RENTALS: A GROWING TREND 22
PRIMER FOR DEALERS 30
OF THE YEAR: DAN GAMEL 40

V BUSINESS
OCT/23
1987

ers Small ice Hikes

A competitive atmosphere and a "practical mood" on the part of American consumers have kept RV price increases to a minimum—generally 3% or less—for the 1988 model year.

The RV-industry price trend parallels that of the auto sector: New car prices are rising by only 1% to 3%, truck prices by 3% to 5%.

This is despite the fact that RV makers have said that they are feeling an increasing price pressure from some of their suppliers—particularly purveyors of fiberglass, aluminum, steel, wood and petroleum-based products.

"We weren't seeing the (inflationary) spiral during the last couple of years," said Bill Garvey, vice president of sales and marketing for Starcraft Corp., a Topeka, Ind.-based towable maker that raised 1988 RV prices about 3%. "But I think things are heating up again."

With price hikes at a minimum, OEMS indicate that they are absorbing increased costs, often sacrificing some profits to remain on a competitive footing.

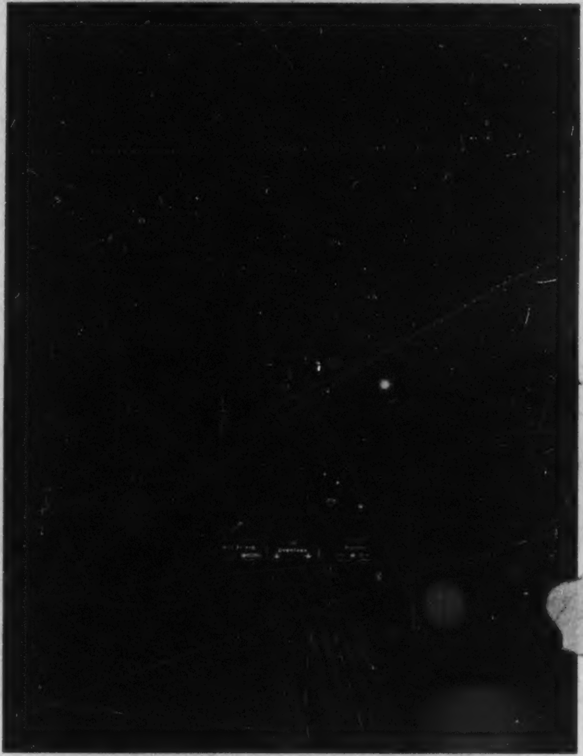
"The competition is tough," said Homer Schrock, sales manager for Woodland Park Inc., an Elkhart, Ind., park-model maker that has improved construction standards without raising prices for 1988. "It's real tough, and we have to trim some of the profit in order to stay competitive."

The trend toward limited model-year price increases appears particularly consistent among Class A motorhome producers, a rather strong sector in recent months.

A sample of individual manufacturers revealed the following price trends:

- Price hikes for Coachmen Industries Inc., Elkhart, Ind., "weren't dramatic in any product line," reported Sid Johnson, vice president of sales and marketing. A case in point is Viking Recreational Vehicles, a Coach-

continued on page 6



DODGER SHOW GUIDE: Floorplans, exhibitor listings, an overview of show events, and restaurant recommendations are provided to welcome attendees to RVIA's Annual RV Show at Dodger Stadium in the City of Angels. (See coverage beginning on page 61.)

NHTSA Seeks Coach Recall

Following an investigation of consumer complaints involving fuel-expulsion problems, the National Highway Traffic Safety Administration (NHTSA) has said it will ask Forest City, Iowa-based Winnebago Industries Inc. to implement a voluntary recall of motorhomes mounted on Chevrolet chassis.

NHTSA officials said they are evaluating additional information to determine if a similar action may be necessary for units manufactured by Fleetwood Enterprises Inc., Riverside, Calif.

A NHTSA official told *RV Business*, "We are aware that both Winnebago and Fleetwood e had problems with fuel ex- ion on some of their units hevrolet chassis. As far as we know right now, however, only Winnebago is actively working with the people at General Motors (GM) to determine what can be done."

Frank Rotta, director of public relations for Winnebago, said he could not discuss any talks

continued on page 9

3

Exhibitors React to Restrictions On Louisville Show Space

New limitations on main-arena exhibit space at RVIA's National RV Trade Show, Dec. 1-4, in Louisville, Ky., have put a crimp in the convention plans of some longtime Louisville exhibitors.

The new rule, restricting exhibitors to six contiguous booths in the Kentucky Fair & Exposition Center's main arena, dates back to 1986, according to Mary Hutya, RVIA vice president of meetings and shows.

Hutya said a number of exhibitors complained to the show committee at that time that they weren't getting booth assignments in the popular main arena—a highly visible area near the registration desks.

continued on page 8

OCT. 23, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 14

TABLE OF CONTENTS

RV BAROMETER

RVDA 'Pleased' by Attendance, Expo Success at Convention 5

Arizona Restricts Dealer Sales At Shows and Rallies 7

Industry's Trade-Show Format Is Under Review 9

RV People 12

RVIA Shipments 14
July shipment figures sounded some positive notes.

WDA Aftermarket 18
Second-quarter aftermarket sales improved, according to reports by members of the Warehouse Distributors Association.

Blue Chip Consensus 20
Economists foresee continued sluggish growth in '87 and '88.

FEATURES

On-site Campground Rentals 22
As campgrounds and RV resorts report growing success for on-site RV rentals, there are some positive spin-offs for RV dealers.

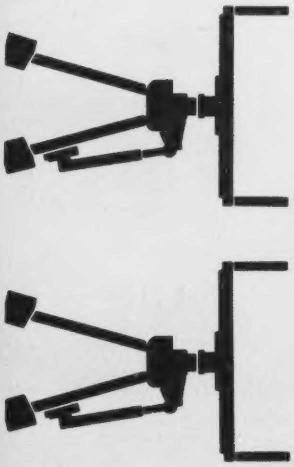
Getting Hitched 30
The right hitch is key to a safe towing system. Because consumers often rely on RV salespeople to advise them, this brief hitch primer may help improve customer satisfaction.

Dealer of the Year 40
Dan Gamel is the choice for 1988 Dealer of the Year. He illustrates how a phenomenal business success can be coupled with a commitment to customer service.

Dodger Show Guide 61
Floorplans, exhibitor listings, restaurant recommendations, and a brief overview of events combine to help attendees enjoy the Annual RV Show at Dodger Stadium, Los Angeles.

DEPARTMENTS

Calendar 48
In Brief 52
Profitmakers 53
Classified Advertising 67
Index to Advertisers 68
Commentary 70



30

40

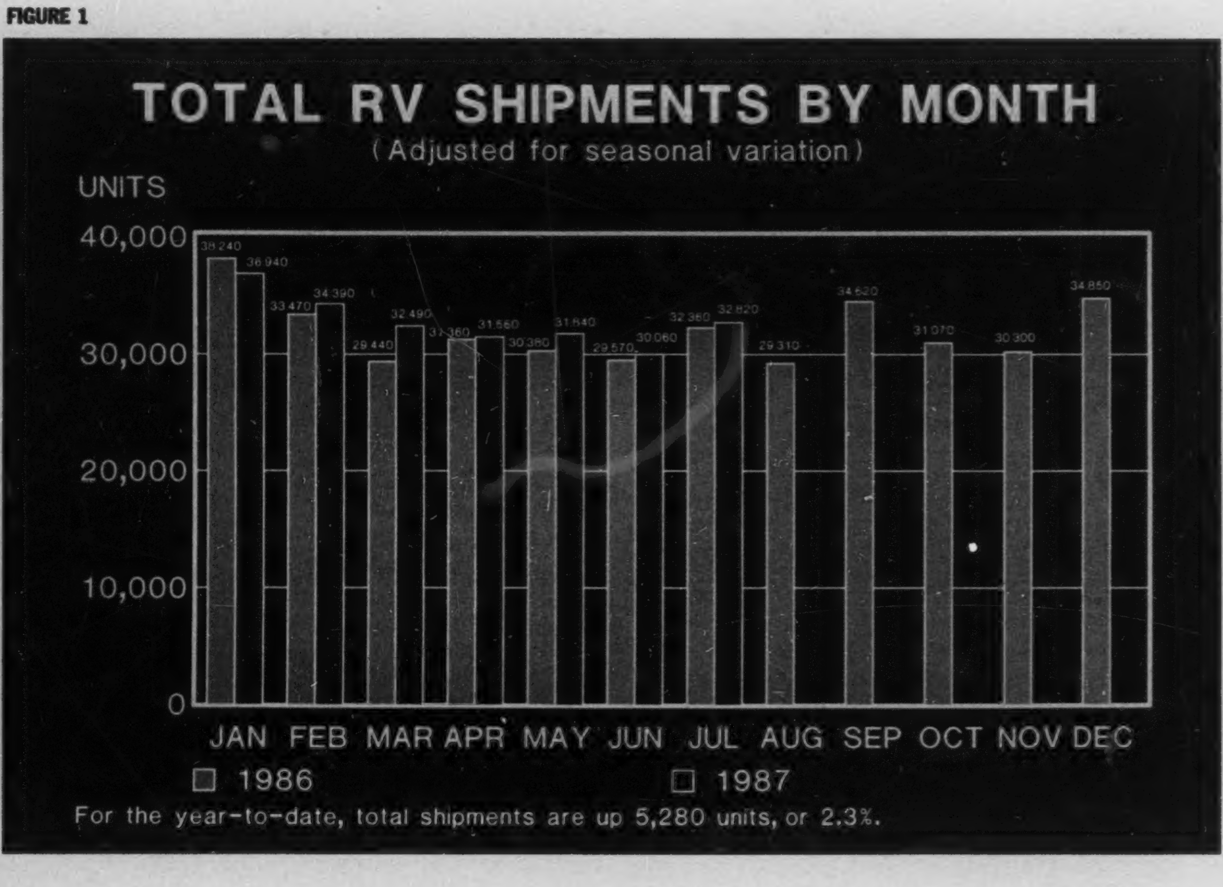
RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1987 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 50 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory, Trailer Life, MotorHome, Rider, Trailer Life's Annual RV Buyer's Guide, Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER PHOTO: KENNA LOVE

JULY SHIPMENT FIGURES SOUND SOME POSITIVE NOTES

MORTON J. MARCUS

FIGURE 1



For the year-to-date, total shipments are up 5,280 units, or 2.3%.

Three positive trends are clear from the July RVIA shipment data:

- Shipments have climbed out of a 10-month pothole;
- A progressive trend has now extended more than six months; and
- Improvements were very widespread throughout the industry.

RV shipments in the month of July, when adjusted for normal seasonal variations, totaled 32,820 units. This was a healthy 9.2% increase from June's 30,060 units. The June level, as seen in Figure 1, was a 10-month low and 5.6% below May. In comparison, the July level of shipments ranks as the third best tally thus far this year.

The second positive element is also visible in Figure 1. Since February, each month of 1987 has been an improvement on the corresponding month of 1986. Thus, July was the sixth consecutive month of year-to-year improvement for the industry. In that six-month period, from February to July, total shipments have run nearly 6,600 units ahead of the same period of 1986, a gain of 3.5%.

The third favorable sign in the July shipments data was that every type of RV, with one exception, showed a gain over the June report. As seen in Figure 2, only truck campers had a decline from the preceding month. This widespread sign of strength reinforces the good indications of the overall gain. If the total number of shipments advances, yet with a spotty performance by RV types, then there is less reason for optimism than when we see a strong gain over a broad front.

The truck-camper decline in July was, in itself, not worrisome since that class of RV was running a strong 36.5% ahead of 1986 for the year-to-date. (See Figure 2.) In units, 1,500 more truck campers have been shipped in 1987 than a year earlier.

GRAPHICS: CUSTOM COLOR VISUALS

FIGURE 2

R.V SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	JULY 1987	PERCENT CHANGE FROM JUNE	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	32,820	9.2	230,090	224,810	2.3
Travel Trailers:					
Conventional	4,810	7.3	34,600	32,060	7.9
Park Models	660	77.0	3,710	4,490	-17.3
Fifth-wheels	2,220	11.2	14,830	13,140	12.9
Folding Camping Trailers	3,880	27.2	23,090	20,690	11.6
Truck Campers	640	-12.1	5,720	4,190	36.5
Motorhomes:					
Class A	3,760	17.8	22,050	18,530	19.0
Class B Van Campers	510	25.2	3,370	3,380	.0
Class C:					
-Minis	1,720	4.0	11,450	10,780	6.2
-Low Profile	120	19.9	1,260	2,040	-38.5
-Micro-minis	300	23.3	2,360	2,600	-9.1
Multi-use Van Conversions	14,180	2.1	107,670	112,990	-4.7

Detail may not add to total because of rounding.

One element in the July figures that is less pleasing to report is the very flat nature of all data. Although we do see up and down movements, total shipments are varying within a very narrow range. Since March, we have seen an average monthly change in total shipments of only 1,440 units.

However, while on the surface the industry appears to be drifting, below that surface there is a greater change, which can be seen in the unit changes.

Units, not percentage points, were what people buy and what firms sell. In addition, month-to-month variations are not the key elements. The pattern of shipments that rise in one month and drop in another is often the result of life's vagaries rather than something of true significance. The picture over longer periods of time is what matters.

Hence, the real story of the current RV industry lies in the difference between the year-to-date shipments for 1987 and 1986, as reported in Figure 3.

First, note that total shipments were up by 5,280 units. And if we were to subtract van conversions, the industry would have been up by more than 10,600 units, or 9.5%, from a year ago.

Second, the biggest gain was that for Class A motorhomes, a high-dollar leader. The additional 3,520 Class A units shipped represented significant monetary flows into the accounts of manufacturers and their suppliers. Thus, the changes in market share, which are noted in Figure 4, were not just shifts within the industry; they also represented changes in the total dollar flow. As of July, those changes appear to be positive for the industry. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

FIGURE 3

YEAR-TO-DATE CHANGES IN UNITS SHIPPED

TYPE	GAINERS	LOSERS
TOTAL RVS	5,280	
Total Less Van Conversions	10,600	
Travel Trailers:		
Conventional	2,540	
Park Models		780
Fifth-wheels	1,690	
Folding Camping Trailers	2,400	
Truck Campers	1,530	
Motorhomes:		
Class A	3,520	
Class B		10
Class C		
Minis	670	
Low Profile		780
Micro-minis		240
Multi-use Van Conversions		5,320

FIGURE 4

MARKET SHARE BY TYPE OF UNIT

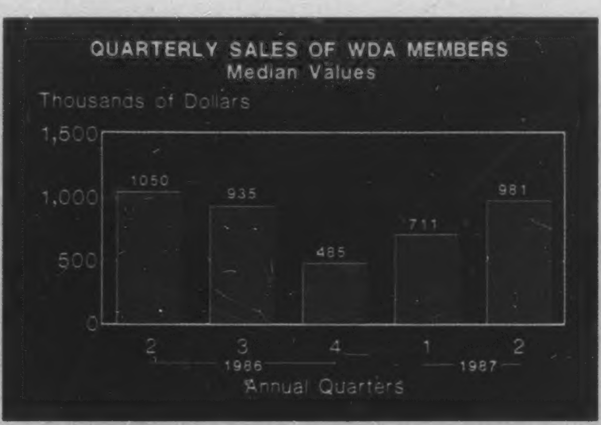
(Year-to-date, adjusted for seasonal variation)

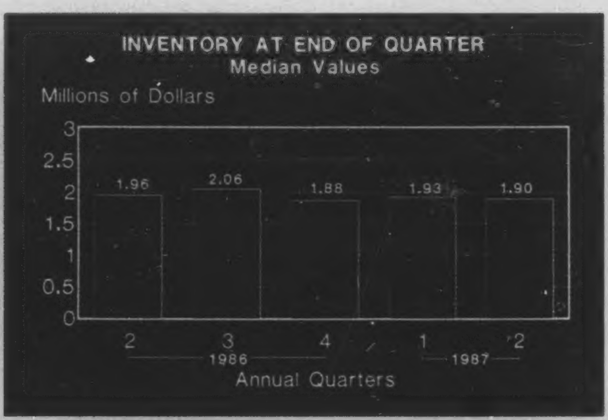
TYPE	1987	1986
TOTAL RVS	100.0	100.0
Travel Trailers:		
Conventional	15.0	14.3
Park Models	1.6	2.0
Fifth-wheels	6.4	5.8
Folding Camping Trailers	10.0	9.2
Truck Campers	2.5	1.9
Motorhomes:		
Class A	9.6	8.2
Class B Van Campers	1.5	1.5
Class C		
Minis	5.0	4.8
Low Profile	.5	.9
Micro-minis	1.0	1.2
Multi-use Van Conversions	46.8	50.3

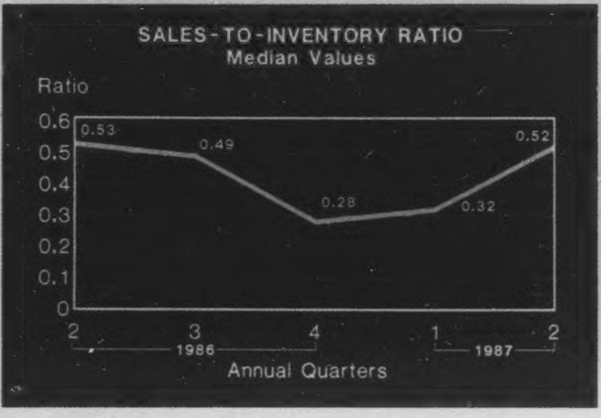
Detail may not add to total because of rounding.

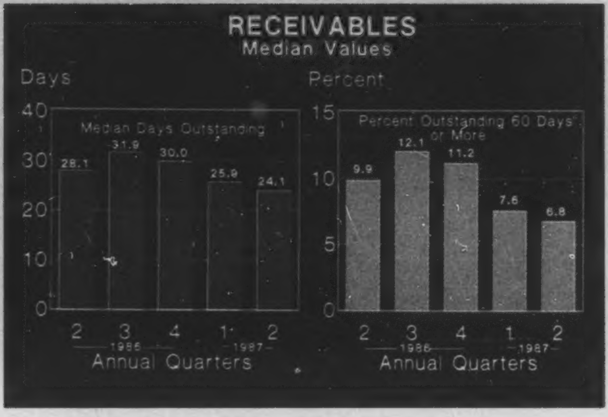
SECOND-QUARTER SALES IMPROVE

MORTON J. MARCUS









The quarterly statistical survey conducted by the Warehouse Distributors Association (WDA) has both voluntary and confidential participation. As a result, not all firms participate each quarter, and thus it is possible to get conflicting results. The second-quarter data provide an example of this particular problem.

The latest survey had returns from 37 members. The summary report indicates a moderate decline of 5.4% in average (mean) sales for the second quarter of this year compared with the same period in 1986. This sales figure for the April-through-June period was $1.58 million per firm, down from $1.67 million a year earlier. This year, 37 firms also reported a total sales of $58.6 million, compared with 39 firms reporting $65.3 million a year ago.

However, of the 37 member firms that participated in the second quarter, only 31 had also reported in the second quarter of 1986. Hence, in a comparison of the *same* firms, there was an *increase* of 8.9% in the median level of sales (or $1.1 million vs. $993,000 a year earlier) and an *increase* of 15.4% in the mean level of sales.

Did sales rise or fall? We have to conclude that they rose, and the differences are due to the fact that different firms were participating in each quarter.

The graphics shown with this article are for *all* participating firms. Detail of the firms that participated in both the 1986 and 1987 second quarter may be more illuminating, however.

U.S. firms participating in both periods (a total of 24 companies) had a lower gain in sales (5.5%) than the 13.2% recorded by their seven Canadian cousins. In each case, the figures were computed in the dollars of the nation involved.

For firms participating in both years, these higher sales were achieved on slightly higher inventories. The median inventory level reported at the end of the second quarter in 1987 was 6.2% higher than at the same time in 1986. But the 28 wholesalers who reported in both periods are turning their stock more rapidly. Thus, the sales-to-inventory ratios advanced for both U.S. and Canadian firms.

Receivables for the 27 firms reporting in both periods also improved in the second quarter for '87 compared with the same three-month period in '86. The average days receivable was down by nearly five, falling from 28 days to just over 22. Again, both U.S. and Canadian firms showed improvements. This advance normally indicates tighter managerial control.

The improvement in the receivables figure was particularly strong in the percent of receivables 60 days or more. Here the median value fell from 9.3% to just over 5.7%. Δ

GRAPHICS: CUSTOM COLOR VISUALS

Campground RV Rentals

ROBIN STRAUSBERG

As the popularity of on-site rentals at campgrounds increases, there are many spin-off benefits for dealers

Holiday Rambler Corp.'s Holiday House division recently introduced its Honeymoon Suite Park Trailer (left) for campground rentals. The interior (above) offers intimate decor with a heart-shaped whirlpool bath and oversized circular bed.

For the family of five, it is the end of an idyllic weekend spent camping in an RV. They pack up the food, stash away the laundry and take their seats in the family sedan. As they pull away from the campground, the lake, picnic tables, playground and their RV slowly fade away.

Sounds like the family of five forgot to hook up the travel trailer for the journey home? No, the family recently joined thousands who don't own a recreational vehicle for a variety of reasons, but are nevertheless making their presence felt in RV campgrounds across the country by renting recreational vehicles on-site at campgrounds and resorts.

Rates for on-site RV rentals in privately owned campgrounds range from a modest $18 to a luxurious $120 a night (with the average at roughly $1 a foot). At those rates, campground owners stand to make a profit, while campers can save a half to two-thirds of the cost of staying at a hotel.

It All Adds Up

At last count, there were some 16,000 campgrounds/resorts strewn across the United States. About half that number are public, or governmentally administered, facilities. The remaining 8,000 campgrounds are privately owned, for-profit facilities. The majority fall into the category of "pay for the length of your stay" campgrounds, but these are supplemented by membership-only resorts, with their tennis courts, golf courses, Olympic-size swimming pools and costs in excess of $5,000 for a lifetime membership and yearly dues.

A recent nationwide survey of 8,600 commercial (nonmembership) parks revealed this regional distribution of campground/resort RV rentals:

REGION	PERCENT OFFERING RENTALS	AVERAGE NUMBER OF RENTALS
Northeast	34.5	6
North-central	27.0	3
South	25.3	10
West	13.0	8

Thus, in terms of statistics, it's safe to say that the concept of on-site RV rentals has caught on, and it's caught on because on-site RV rentals offer a cost-saving vacation alternative for families who choose to enjoy the camping lifestyle but either cannot yet afford their own RV or haven't yet decided what type of unit to purchase. In the past, such families may have gone with the option of renting an RV from a dealer or rental service. It's only been in the last four or five years that the on-site rental option has come to the fore.

"Someone wishing to use a trailer in Colorado, who is living on the East Coast, can fly to Denver, and rent a car, or even drive their own car from the Midwest, and then have an extra two to four days of vacation time at a very fine campground without towing the unit 800 miles to their final destination," explains John Willibrand, president of Play-Mor Trailers Inc., Westphalia, Mo., makers of on-site rental units for more than 12 years.

And the number of families interested in that rental option is growing. A recent Recreation Vehicle Industry Association (RVIA) survey netted a positive interest among a quarter of those polled, especially in the Northeast, to on-site rentals. Although the RVIA study found that such rentals had greater appeal among families earning less than $20,000 a year, resort owners report that their on-site renters are typically members of the upper-middle class and are up to 10 years younger than the traditional RV owner.

The rental units involved are generally park models, and they are offered by a host of manufacturers, including the Nappanee, Ind.-based Holiday House division of Holiday Rambler Corp.; Fleetwood Enterprises Inc., Riverside, Calif.; Park Homes Inc., Elkhart, Ind.; and Sunline Coach Co., Denver, Pa.—to name a few. These on-site units often have all-electric amenities, toilets directly linked into sewage systems and a more cabinlike or rustic appearance. Certain models even allow tenants to wile away the hours on a front porch.

Outfitted with porches or not, successful on-site RV rentals at campgrounds and resorts rest upon four considerations, according to campground/resort managers: the initial cost of the units; the length of the rental season; wear and tear on the units and whether maintenance costs are worth the return; and geographic location, whether or not the campsite is located near a tourist center or, the next best thing, to a body of water.

RV Industry Benefits

Manufacturers and campground/resort owners can catalog a long list of reasons that on-site RV rentals are appealing to more and more consumers, such as:

- The rental unit is a means of housing six or more people in one place for an average of $35-$40 a night, with provisions for cooking all meals. Most, if not all, campgrounds also offer children a freedom of movement and a choice of activities that are not often available at alternative accommodations, such as hotels. There is a more homelike flexibility to the on-site rental, especially for families and large groups.
- No towing is required; hence there is no need for a tow vehicle or the extra expenditure on gasoline during a trip.

Many RVs designed for campground rentals sport a more rustic look.

- An on-site rental allows a prospective RV purchaser the opportunity to try out the lifestyle and test out different types of units before buying.
- RV owners can bring non-RV-owning friends along to campgrounds, where the nonowners can rent a unit on-site.

The consumer attractiveness of on-site rentals is clear from the success of the rental program at the private Fort Wilderness park adjacent to Walt Disney World, Lake Buena Vista, Fla., where 363 trailers are leased from Fleetwood Enterprises Inc. in a program that was initiated in 1976 to handle reservation overflows. But, more than 10 years later and with 60% repeat business, the rental program stands on its own merits and offers visitors custom mini-mobile homes, measuring 42 × 12 feet and featuring a full-size bathroom, bedroom and living room. The cost is $120 a night for a party of six. Included for that price (a cost savings compared with local hotel rates) are nearly all the amenities of a resort without the requirements of a membership park (although there is a maximum two-week stay). Fort Wilderness executives report a 100% occupancy rate from mid-February to August, and an 83% occupancy rate

FINALLY...

AN RV HEATING SYSTEM THAT REALLY MAKES SENSE

Just Compare These Features

- **Quiet operation**—won't wake you at night
- **Versatile installation**—maximum heat distribution
- **Light weight**—only 15 lbs.
- **Small space requirement**—no ducting needed
- **Radiant heat**—sun-like comfort
- **Solid State ignition**—no pilot light
- **Thermostat controlled**—utmost in convenience
- **Efficient fuel use**—only ¼ lbs. per hour
- **Minimal current use**—less than ½ amp per hour
- **A.G.A. listed**—meets NFPA 501-C. ANSI 119.2

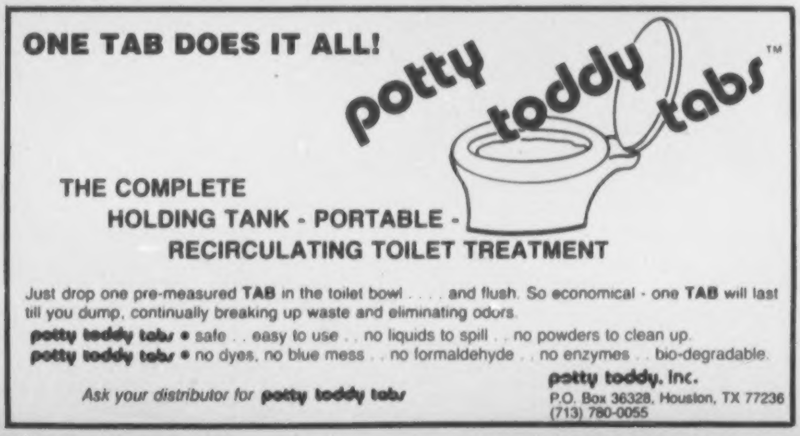
For your customer's peace of mind and a competitive advantage only **The Platinum Cat** really makes sense as a state of the art RV heating system.

the platinum Cat

For more information call **TOLL-FREE 1-800-426-5666**
or in Washington, Alaska call: (206) 352-0539

Thermal Systems Inc. • [illegible] 29th Street SW • Tumwater, WA 98502 • (206) 352-0539

Thermal Systems, Circle 46 on Reader Service Card



ONE TAB DOES IT ALL!

potty toddy tabs™

THE COMPLETE
HOLDING TANK - PORTABLE -
RECIRCULATING TOILET TREATMENT

Just drop one pre-measured **TAB** in the toilet bowl . . . . and flush. So economical - one **TAB** will last till you dump, continually breaking up waste and eliminating odors.

potty toddy tabs • safe . . easy to use . . no liquids to spill . . no powders to clean up.
potty toddy tabs • no dyes, no blue mess . . no formaldehyde . . no enzymes . . bio-degradable.

Ask your distributor for **potty toddy tabs**

potty toddy, Inc.
P.O. Box 36328, Houston, TX 77236
(713) 780-0055

Potty Toddy, Circle 39 on Reader Service Card

year-round.

But how do RV dealers benefit from the growing on-site rental trend? Doesn't every additional campground RV renter mean one less buyer or renter for dealers?

The key benefit, say industry observers, is that on-site rentals entice non-RVers to try out the RV lifestyle, with the result that many go on to become first-time buyers.

"Without a doubt," says Tom Allen, the National Campground Owners Association's director of membership services, "on-site rentals are a relatively new but expanding market that encourages first-time renters to be first-time buyers."

At Missouri's Treasure Lake resort, John Redford, chief executive officer of parent company Impact Management, puts it this way: "We have seen a trend (of the first-time RV buyer being a former first-time camper), and it's an exciting trend for us. It should be an exciting trend for manufacturers and dealers, too, because what it has done is get people interested in camping who never thought they would be."

Of course, on-site rentals can have a negative impact on dealer sales as well: "There's a ton of people interested in getting into the RV lifestyle but who find that buying an RV for $10,000 and messing around with trailer hitches and hookups is too confusing," proclaims Bob Gobrecht of Thousand Trails Inc., a "private national park system" with 46 resorts in 17 states and 92,000 members, 25,000 of whom do not own an RV.

"We make it real easy. They call a number, and they have a guaranteed place to go and a clean trailer. All they have to do is bring their food and linen, and they're in the American Dream," he says. The Seattle-based membership-campground firm's "dream" includes, among other things, fishing, swimming, volleyball, tennis, golf, boating, canoeing—and a choice of 1,500 on-site rentals nationwide.

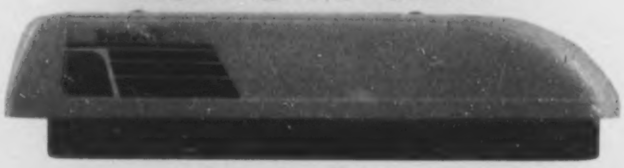
Spin-offs for Dealers

Yet a brief overview of on-site rental operations makes it clear that there are many profitable spin-offs for dealers.

"There's a built-in incentive to buy an RV," asserts Ace Brown, vice president of Washington, D.C.-based Camp Coast to Coast (CCC), a system of 530 resorts nationwide serving 300,000 members, half of whom don't own an RV. "If they had their own RV, they'd pay nothing in their home resort, and only $1 a night in the system. If they don't own an RV, they have to pay rental fees wherever they go."

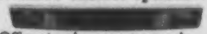
In the CCC system, on-site renters have a choice of 358 campsites, paying roughly

Power, style, convenience and solid value: Dometic RV air conditioners have it all.



New low silhouette...
Make the best RV better with our sleek 9-1/2" profile models. Efficient aerodynamics on the outside, whisper-quiet power on the inside.

...three control options...



Offer simple, easy-to-reach conventional controls; or

move up to the Royale with Sensi-Touch pads and six-function LCD display—a fully computerized climate control system with automatic overload protection built in! For the added benefit of wall-mounted controls, the Royale III is the crowning touch.

...and rugged design!
Tough ABS plastic outer shroud covers the galvanized-steel inner shroud. That's protection experienced RVers value.

Features for today's RV buyer.
- 13,500 BTU rotary compressor
- Quiet 3-speed fan
- Super-thin interior air box
- Standard 14" x 14" installation
- Optional 5,600 BTU heat strip
- One-year limited warranty (extended warranty available)

...just a few of the reasons you can specify Dometic with complete confidence.

Your mid-line customers will appreciate the design features of the Dometic-Aire models.

The "spoiler" aerodynamic shape saves fuel and relieves roof stress at higher speeds.

Simple manual controls and efficient airbox design give maximum cooling comfort for the money.

Specify Dometic; it's good for your reputation. Call your Dometic distributor for immediate sales assistance.

Dometic Sales Corportion
P.O. Box 490, Elkhart, IN 46515

Dometic
Our goal . . . your satisfaction.

A charter sponsor of the RV travel show *Wish You Were Here* televised Sundays on Nashville Network.
Member: RVIA, RVDA, and WDA.

Dometic, Circle 12 on Reader Service Card

We need you.

WE'RE FIGHTING FOR YOUR LIFE
American Heart Association

$1 a foot for the sites, which isn't that much considering that CCC's non-RV-owning members generate an average income of $34,000 a year.

Although on-site rentals for non-RV owners began in 1981, business didn't really pick up until 1983, according to Brown. Now, he says, "The future looks good. What we're doing is introducing a lot of people to the RV lifestyle, and a lot of them find it attractive and buy an RV."

Potential dealer benefits from rentals are also apparent at Cherrystone Kampgrounds of America (KOA), located in "a nowhere city" on the Chesapeake Bay in Virginia. The campground has been offering on-site rentals at the 300-acre, 650-site campground for 10 years now. The fleet has expanded to 22 Sunline trailers, and since the rental program has been so successful, there's talk of adding four more next year.

The on-site rental benefits to this KOA franchise are easy to see. "The big profit is to try and turn over your merchandise without taking too much of a loss on depreciation," explains Cherrystone Manager Buck Farmer, who admits that profit is based in large part on renting the trailers every week for a whole season. "I think I'll sell the '85 units for roughly $2,000 less than I bought them for," he calculates. "They will have been in service three seasons and have generated in the neighborhood of $3,000 a season. That's $9,000, or 50% more than I would have made on the same site if I had rented it out to somebody with their own trailer."

How can dealers profit, too? Farmer points out that his rental market not only includes campers who don't want to own RVs, but also campers who are trying out RVs with an eye to purchasing later. In fact, Farmer says he has a waiting list of people ready to purchase his older rental units, many of whom know from firsthand experience that the RV will fit their needs. Obviously, local dealers should be able to find RVs to fit their needs as well.

> *He has a waiting list of people ready to purchase older rental units.*

Dealers in some regions who are involved in their own RV rentals might find that they can gain by working with campground on-site rental programs, too. For example, Bob Caldarone, director of marketing at Miami-based Cruise America, the RV rental arm of American Land Cruisers Inc., thinks he may have found a way to clear his rental yard during the off season by consigning five to 10 motorhomes to campground owners in Arizona and Southern California for use as additional housing for visiting "snowbirds." He then retrieves the units at the end of the winter months to rent for summer vacation trips.

"I'm not looking to make a killing in the market," says Caldarone, whose temporary additional housing for campgrounds will have the advantage of being able to depart the parks for side trips, but he is counting on the bright prospects for on-site RV rentals to help his program succeed. "Along with the increasing popularity of RV resorts and vacations, with 25% of the population taking camping vacations, it's got to grow," he says.

Dealers operating near campsites and resorts offering RV rentals will doubtlessly think of other ways to cash in on this growing trend. Yet, more important, the dealer body as a whole will reap benefits from the on-site rental alternative as it stimulates interest in the RV lifestyle among the first-time camper and, thus, lays the foundation for a new generation of first-time buyers. Δ

LET BANKS *BOOST* YOUR PROFITS

BY FEATURING THE "NO. 1" ASKED FOR DIESEL TURBO SYSTEM

banks
turbo 6.9
banks

Why Use Banks?

- Pre-Sold Products
- Easy Installation
- Factory Certified Training
- Lead/Referral Program
- Major Show Support
- Massive National Advertising
- Extensive Magazine Editorial Coverage
- Emissions Legal In All 50 States
- Corporate Co-op Programs
- 12 Month/Unlimited Mileage Warranty
- Banks Is The Leader In Turbocharging Technology

FORD 6.9L TURBO
GM 6.2L TURBO ALSO AVAILABLE

Please call for details about a Banks Program

banks™ *YOUR TRUCK POWER PEOPLE* SM *"SINCE 1958"*

Gale Banks Engineering, 546 Duggan Ave., Dept. 404, Azusa, CA 91702 (818) 969-9605

© 1987 GALE BANKS ENGINEERING

Gale Banks, Circle 3 on Reader Service Card